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TESIS DOCTORAL

Purchase and Consumption of Luxury Goods

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I am the only person responsible for any errors in this thesis.

RESUMEN Y CONCLUSIONES EN CASTELLANO

Esta tesis analiza la compra y consumo de bienes de lujo. La idea principal de la tesis es que la compra y consumo de productos de lujo está basada en motivaciones. Toda la investigación se hace a través de una base de datos que se construyó para esta tesis y que incluye a consumidores y directivos de bienes de lujo. Concretamente lo analizamos para perfumería/cosmética, bolsos y joyería. El primer capítulo de la tesis da una visión global de los tres artículos y el último capítulo da una visión global de futuras investigaciones y aplicaciones en el mundo empresarial.

El artículo primero examina diez motivaciones: singularidad, conformidad, autoestima, hedonismo, utilitarismo, materialismo, legado, inversión, hábito y búsqueda de la variedad. El artículo describe estas motivaciones en detalle y las contextualiza dentro de las definiciones de bienes de lujo y dentro de cuatro teorías socio-psicológicas. Así mismo desarrolla una escala de medida para las motivaciones de los consumidores en la compra y consumo de bienes de lujo que es la primera de este tipo y podrá ser utilizada en futuras investigaciones. La escala de medida sigue los estándares aceptados de las escalas psicológicas incluyendo fiabilidad, validez y unidimensionalidad.

El artículo segundo identifica los segmentos de consumidores de bienes de lujo en base a las motivaciones para comprar y consumir bienes de lujo. El artículo identifica y describe seis segmentos a través del análisis cluster (jerárquicos y no jerárquicos). El uso de estos dos métodos incrementa la fiabilidad de los resultados y además el estudio se complementa con un examen riguroso de la validez tanto interna como externa de los seis segmentos que aumenta la validez de los resultados. Los segmentos muestran distintos perfiles en relación a las motivaciones y en términos del comportamiento de compra con respecto a los bienes de lujo.

El artículo tercero explora las causas y consecuencias de la satisfacción del consumidor y las intenciones de volver a comprar los bienes de lujo. Este tercer estudio busca entender las relaciones entre características de bienes de lujo, las opiniones y reacciones de otros y las emociones del consumidor asociadas con el uso de los bienes de lujo, la satisfacción del consumidor y las intenciones de volver a comprar. Describe la literatura relevante y un conjunto de análisis que examinan las causas y consecuencias de la satisfacción del

consumidor con los bienes de lujo. Los principales resultados descritos en el artículo incluye una fuerte relación entre satisfacción e intención de volver a comprar, fuerte relación para las características de los bienes y las emociones con las intenciones de recompra y relación débil entre otras personas relevantes para los consumidores con la satisfacción e intención de volver a comprar.

Chapter 1
Purchase and Consumption of Luxury Goods

"Man is a luxury loving animal. Take away play, fancies, and luxuries and you will turn man into a dull, sluggish creature. A society becomes stagnant when its people are too rational or too serious to be tempted by baubles." Eric Hofer

1.1 Introduction

Chapter 1 introduces the focus of this thesis as the purchase and consumption of luxury goods. It identifies three central concepts that describe this economic activity, defines luxury goods from four relevant perspectives, and briefly summarizes consumer demand for these goods. It presents purposes, objectives, and orientation of the thesis. It describes five central ideas that guide the thesis and offers three major contributions produced by the thesis. Chapter 1 ends with an overview of research described in detail in Chapters 2, 3, 4, and 5.

The purchase and consumption of luxury goods is both an economic and a social activity. The activity is composed of three central concepts: luxury good characteristics, luxury good consumers, and relevant others.

Luxury good characteristics are objective features of the product itself. These characteristics are bases for consumer perceptions of the good, consumer emotions associated with the good and with its consumption, and consumer satisfaction with consumption of the good. Luxury good characteristics include:

- product features, operation, durability, and reliability
- product style
- product warranty and service
- product price, and
- retail store characteristics where the luxury good is purchased.

Perceptions of these characteristics form the consumer's subjective assessment of a luxury product's value. Perceptions may be aggregated one-by-one over relevant product

characteristics or holistically integrated. Figure 1.1 identifies luxury good characteristics and indicates relationships with luxury good consumers and relevant others.

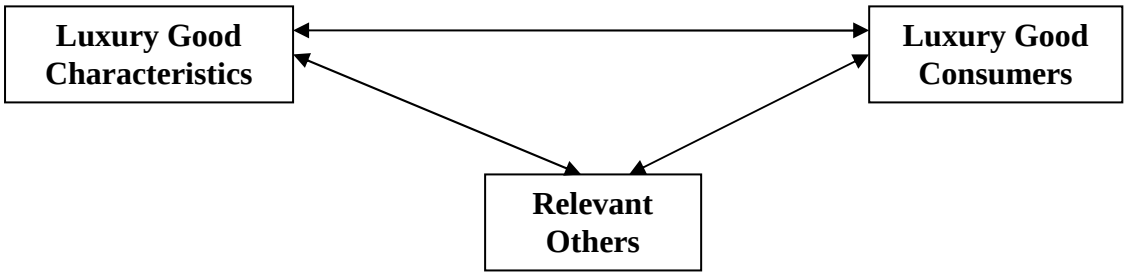

Figure 1.1 Central Concepts and Relationships in Luxury Goods Consumption

Luxury good consumers in Figure 1.1 are owners and users of a luxury good. Owners and users attach "private meanings" of value to a luxury good as the sum of the good's subjective meanings. For example, a diamond necklace or a premium cosmetic when consumed will provide private value to the user based on felt pleasure, heightened sense of self, and enhanced personal appearance. Owners and users of a luxury good often serve as formal and informal reference groups to relevant others and to other owners and users of a luxury good.

Relevant others are non-owners and non-users of a luxury good. Relevant others include potential buyers (first-time buyers, discontinued buyers), others who associate regularly with consumers of luxury goods (family members, friends, colleagues), and still others as the general public. Relevant others assign "public meanings" of value to a luxury good based on their perceptions of the good along an "ordinary—prestige" dimension (Richins 1994a). For example, the public meanings of eyeglasses and electric shavers are distinguished from those for mink coats and Italian leather boots. Assignment of public meanings of value is based on active and passive communication of luxury good characteristics between users, buyers, relevant others, retailers, and manufacturers. Relevant others regularly serve as reference groups to luxury good consumers.

Double-headed arrows in Figure 1.1 indicate psychological relationships between luxury good consumers and relevant others. These relationships follow from the objective and image-related characteristics of a specific luxury good. Arrows to and from luxury good consumers and arrows to and from relevant others represent the formation and transfer of beliefs, feelings, intentions, emotions, value assessments, perceptions, and perhaps other psychological and social psychological phenomena. Formation and transfer of these phenomena may be formal or informal, active or passive, conscious or unconscious, and intended or unintended. Thus, arrows in Figure 1.1 might represent a consumer's conversation with a next-door neighbor about an expensive car, a consumer's exposure to an advertisement for a vacation villa, or an actor's wearing of a luxury watch in a movie.

1.2 Luxury Goods Defined

What are "luxury goods?" The luxury goods literature regularly notes a difficulty in defining the product category (e.g., Dubois and Duquesne 1993; Vickers and Renand 2003; Chevalier and Mazzalovo 2008, pp. 21-22). The aim here is to provide a review, clarification, and conceptual basis for a theoretically sound definition.

The luxury goods literature finds four perspectives useful in this regard. In an *economics* sense, luxury goods are products whose demand increases more than proportionally as consumer income rises. Such goods are characterized by high sensitivities to economic upturns and downturns, relatively high prices and profit margins, and relative scarcity. Some luxury goods are termed "Veblen goods," defined as having a positive price elasticity of demand. While useful in identifying and categorizing luxury goods and in understanding aggregate consumer demand based on price and product availability, the economics view

offers limited insight into an individual consumer's purchase and consumption of luxury goods.

In a *product/competitive* sense, luxury goods are bought and consumed because of their superior design, quality, and performance. Examples of traditional luxury goods include product categories such as *haute couture* clothing, accessories, and luggage. But today many product categories have a luxury segment including cars, wines, cosmetics, consumer electronics, and even chocolates. Today these and many other product categories regularly include a subset of products whose luxury properties are indicated by better-quality components and materials, more stylish appearance and design, increased durability and reliability, higher performance, more advanced features, and higher prices.

Thus, "traditional luxury" goods can be distinguished conceptually from "new luxury" goods (Silverstein and Fiske 2003). Traditional luxury goods are sold in high-end, specialty retailers that target the aristocracy, often described as the top one percent of the population. New luxury goods are sold in many retail outlets that target the middle class, including mass merchandisers and department stores. New luxury goods are priced at a 20 to 200 percent premium over average goods, are commonplace, and represent what is termed the "democratization" of luxury (Vickers and Renand 2003). New luxury goods are bought by middle class consumers who "trade up" some purchases to reward themselves, celebrate a special occasion, or exhibit status, for example. The same consumers trade down other purchases to afford consumption of products they consider luxurious. Examples of traditional (and new) luxury brands include Rolls-Royce (BMW), CHANEL (Diesel), Louis Vuitton (Coach), and La Perla (Victoria's Secret), among many others (Silverstein and Fiske 2003).

In a *private, personal* sense, luxury goods are products that offer superior value to users as the products are consumed. Users receive superior value in their personal consumption experiences perhaps in economic terms but more often in their subjective perceptions of personal comfort, beauty, refinement, and ascribed status. That is, private and personal perceptions of luxury properties of any traditional or any new luxury good ultimately lie in the minds of luxury good consumers. Thus, consumers of luxury goods can be seen as co-producers (along with manufacturers and retailers) of value, experiencing a value in use that is inherently personal and subjective (Atwal and Williams 2009).

Users' perceptions of value in the consumption of a luxury good often depend on status ascribed to the good by relevant others. Thus, in a *sociological* sense, luxury goods are products that are perceived as lavish and opulent by others such as the general public, thus signaling the superior purchasing power and social status of their buyers and users. Luxury goods may not be any better (in absolute quality or performance, for example) than their less expensive substitutes but are purchased for the primary purpose of displaying the wealth or income of their owners. Such goods are the objects of a socio-economic phenomenon Veblen (1899) called "conspicuous consumption."

Definitions of luxury goods combine ideas from these perspectives. For example, drawing from all four perspectives, luxury goods are defined in product related terms as "those scarce products with an objective or symbolic extra value, with a higher standard of quality, and with a higher price than comparable products" (Mortelmans 2005, p. 507). More abstractly, luxury products can be defined as "meaning-producing devices" circulating in a particular cultural environment whose meanings derive from social stratification (Mortelmans 2005). In this semiotics sense, luxury products possess a "sign-value" or a meaning of worth that follows from concrete social relationships in the context of vertically distinguished social

groups. For example, a new Jaguar emerging from a neighborhood of expensive houses onto a public street provides its driver with status and distinction as ascribed by nearby motorists. However, the same car parked in front of a house in that neighborhood may or may not provide the owner with social status and distinction, depending on the degree to which the car and its usage exceed "silent requisites" of the neighborhood in terms of norms and values. Thus, in this second definition, a product is or is not a luxury good depending not on its scarcity, physical features, or price but on its subjective meanings to the user as imbued by members of stratified yet familiar social groups. Thus, the property of luxury is consumer and social group specific rather than price and product feature specific. This second definition is used throughout this thesis.

As summary, from perspectives of economics, product/competitive characteristics, users' perceptions of value, beliefs of the general public, and beliefs of luxury goods consumers, luxury goods are different from other goods. Compared to standard goods, luxury goods are relatively expensive and scarce; regularly possess superior design, quality, and performance; offer their users a subjective value in use that cannot be easily quantified; and provide their users with social and economic status as ascribed by others. Subjective value and social and economic status derive from social relationships present in hierarchically arranged social groups. Luxury goods range from exotic, rare, and unique products affordable only to the elite to premium yet common products affordable to the many. Luxury goods are found throughout history and around the world, with identities and characteristics determined by cultures, sub-cultures, and reference groups.

1.3 Consumer Demand for Luxury Goods. Consumer demand for luxury goods knows few historical, geographic, or political boundaries. From early human history to the present, demand for luxury goods can be found around the world in diverse product categories.

Demand for luxury goods exists whenever and wherever some people have sufficient wealth and leisure to seek out products that have superior design, quality, and performance. For example, in Spain, one has only to walk along the Calle Serrano in Madrid to see a multitude of shops featuring not just domestic luxury brands but luxury brands from companies headquartered in other European countries, Asia, and the United States.

Demand for luxury goods is difficult to estimate because of the inexact boundaries of what is and what is not a luxury good. Based on a worldwide analysis of 14 product categories (*haute couture*, *prêt a porter*, perfume, jewelry, watches, leather goods, shoes, cars, wine, champagne, spirits, tableware, crystal, and porcelain), the luxury goods market in 1992 was valued at $60 billion by McKinsey & Co (Dubois, 1993). The Telsey Advisory Group (New York) indicated global demand at $150 billion for 2006, growing at 12 percent per year. *Business Week*(2007) estimated global demand for luxury goods at $90 billion for the same year, growing at an annual rate of 11 percent. A recent McKinsey Quarterly Report (April 2011) estimates global demand for luxury goods at $135 billion for 2011, up from depressed levels in 2009 and 2010 due to the 2009 global recession. These and other estimates of demand for luxury goods are somewhat conservative because they limit consideration to traditional luxury products and ignore new luxury products or the "trading up" phenomena.

Avoiding the product category boundaries issue, the *World Wealth Report* for 2011 indicates that the number of high net worth individuals (possessing financial assets greater than $1 million) grew by 8.3 percent in 2010. The total number of high net worth individuals now exceeds 10.9 million people, with 3.4 million or 31.2 percent living in the U.S. The Asia-Pacific region showed the highest growth rate for 2010 at 9.7 percent, increasing the number of high net worth individuals in that region to 3.3 million. The growth rate for Europe in 2010 was 6.3 percent, resulting in 3.1 million high net worth individuals.

1.4 Research Purpose, Objectives, and Orientation

The purpose of this thesis is to understand reasons why consumers purchase and consume luxury goods. Specific objectives are to:

1. Provide a rigorous conceptual explication of consumer motivations to purchase and consume luxury goods, set in perspectives of relevant social psychological theories.

2. Develop scales to measure consumer motivations to purchase and consume luxury goods, suitable for application in similar research settings.

3. Identify and understand different segments of luxury goods consumers in terms of their motivations to purchase and consume luxury goods.

4. Explore the causes and consequences of consumer satisfaction and intentions to repurchase luxury goods.

5. Report the design, execution, and findings of this thesis in a manner helpful to marketing academics and marketing decision makers interested in luxury goods consumption.

This thesis is descriptive and exploratory in orientation, an orientation chosen because of limitations found in existing literature of the topic of interest. That is, while some conceptual work has been done on consumer motivations to purchase and consume luxury goods, that work is limited both in conceptual scope and theoretical perspective. Further, few empirical studies in the topic area have been published. Taken together, these limitations indicate that a study somewhat broad in scope and broad in purpose would provide a greater contribution to knowledge in the topic area than would a narrower, causal research design.

1.5 Central Ideas of the Thesis and Chapter Content

Five central ideas guide this thesis and influence the content and sequence of following chapters.

A central idea in this thesis is that *purchase and consumption of luxury goods is motivated consumer behavior*. Chapter 2 examines 10 motivations to purchase and consume luxury goods, identified here as uniqueness, conformity, self-esteem, hedonism, utilitarianism,

materialism, legacy, investment, habit, and variety seeking. The first five motivations are well recognized in the literature but the last five are not. Chapter 2 describes the 10 motivations in detail, placing them within the contexts of two formal definitions of luxury goods and four social psychological theories. Chapter 2 continues with descriptions of an extensive measurement development study using data from 123 luxury goods consumers in Spain to produce scales measuring the 10 motivations.

A central idea is that *segments of luxury goods consumers can be identified based on their motivations to purchase and consume luxury goods*. Chapter 3 focuses on this idea. It identifies and describes six consumer segments based on results of cluster analyses (hierarchical and non-hierarchical methods) using data provided by some 200 Spanish consumers. Segments show distinctly different profiles in terms of their motivations and, more importantly, in terms of their purchase behaviors with respect to luxury goods. Motivations most strongly associated with purchase behaviors include uniqueness, self-esteem, materialism, legacy, and investment. These motivations regularly distinguish non-users from users and non-users from heavy users in 10 luxury product categories. Comparing a high motivation segment with a low motivation segment also finds substantial differences in quantities of luxury goods consumed and in prices usually paid.

A central idea is that *satisfaction with consumption experiences is important to luxury good consumers.* Chapter 4 describes relevant literature and a set of analyses that examines causes and consequences of consumer satisfaction with luxury goods. Causes of satisfaction represent the three central concepts in Figure 1.1—luxury good characteristics, luxury good consumers, and relevant others—all taken as beliefs reported by a sample of 172Spanish consumers of luxury goods. Luxury good characteristics include product durability, quality, and value. Luxury good consumers are described by two emotions associated with luxury

good use, contentment and stimulation. Characteristics of relevant others are described by consumer beliefs of the importance of impressions of other people when consumers use a specific luxury product (perfume or cosmetics, handbag, or jewelry article). Relevant others are identified in two categories: close others (spouses, other family members, close friends) and distant others (colleagues at work, general public). Consequences of satisfaction are measured in terms of consumer intentions to repurchase. Results show that luxury good characteristics and emotions have strong influences on consumer satisfaction and intentions to repurchase. However, the influence of relevant others is small and limited to intentions to repurchase. The influence of satisfaction on intentions to repurchase is large.

A central idea is that *knowledge uncovered in this thesis will be valued by other researchers and decision makers as these individuals work in the area of luxury goods marketing*. Chapter 5 discusses thesis findings to improve the theoretical understanding of luxury goods purchases and consumption. Discussion highlights important findings and suggests several potentially rewarding ideas for future research, both academic and applied. A second section late in Chapter 5 summarizes basic limitations to generalizing results of this study, chiefly in the areas of measurement and sampling. A last section offers insights for marketing decision makers.

1.6 Major Contributions of the Thesis

Contributions of this thesis focus on the creation of new knowledge relevant to the purchase and consumption of luxury goods. New knowledge is placed in the context of four theories. Self-discrepancy and terror management theories are self-based motivational explanations from psychology while social comparison and symbolic interactionism theories are other-based motivational explanations from sociology. To date, only the last theory has been applied as a conceptual explanation of luxury goods consumption. Addition of the three

other theories provides a richer conceptual base to study the purchase and consumption of luxury goods and indicates possible influences of new motivations.

A major contribution of this thesis consists of scales to measure consumer motivations to purchase and consume luxury goods. The scales are the first of their kind. Scales meet or closely approach generally accepted standards of psychological scaling including reliability, validity (content, internal, external, and nomological), and unidimensionality. Scales show potential for diverse applications in future academic and applied studies and meet marketing decision makers' needs for brevity in use. Scales form the basis for identifying distinct segments of luxury goods consumers.

A major contribution of this thesis is identification of six segments of consumers based on their motivations to purchase and consume luxury goods. Previous work has tended to view consumers of luxury goods as uniformly high in terms of their needs for uniqueness, conformity, self-esteem, and hedonism. However, results here show considerable differences across consumer segments on these and other motivations. Two segments that emerge most clearly are termed "engaged extremes" and "disengageds," about 15 and 18 percent of the market, respectively. Engaged extremes consumers show high levels for all motivations under study while disengaged consumers show low levels. The largest segment uncovered is termed "engaged moderates" about 26 percent of the market, distinguished from others in the market by segment members' motivations for legacy, investment, uniqueness, and variety seeking. A "conventionals" segment is about 17 percent of the market, distinguished by members' high conformity, self-esteem, and materialism motivations. A "fun-oriented bequestors" segment is about 14 percent of the market, distinguished by high hedonism and legacy motivations. An "exclusives" segment is about 11 percent of the market, distinguished by high uniqueness and variety seeking motivations.

A major contribution of this thesis is an understanding of relationships between luxury good characteristics, opinions and reactions of relevant others, consumer emotions associated with the use of luxury goods, consumer satisfaction, and intentions to repurchase. Luxury good characteristics in terms of durability, quality, and value perceptions are considered causal variables in predicting consumer satisfaction and intentions to repurchase. The influence of these characteristics is described by R^2 values in hierarchical linear regression models, 0.14 and 0.21 for satisfaction and intentions, respectively. The addition of two relevant others variables representing the importance of reactions of close and distant others when consuming luxury goods increases these R^2 values only slightly. However, the addition of two emotions variables representing contentment and stimulation increasesR^2 values to 0.30 and 0.28 for satisfaction and intentions, respectively. Further understanding of these relationships is provided by causal path models showing direct, indirect, and total effects of luxury good characteristics, consumer emotions, and relevant others on consumer satisfaction and intentions to repurchase.

1.7 Summary and Conclusions

Consumer motivations to purchase and consume luxury goods can be described in terms of satisfaction of innate human needs. Satisfaction depends on objective product/competitive characteristics and consumers' perceptions of value gained through private and public consumption experiences. Luxury goods range from premium yet common products that are affordable to many consumers to exotic, rare, and unique products affordable only to the elite. From perspectives of economics, product/competitive characteristics, consumers' value perceptions, beliefs of the general public, and beliefs of luxury goods consumers, luxury goods are different from other goods. Compared to standard goods, luxury goods are relatively expensive and scarce; regularly possess superior design, quality, and performance; offer their users a subjective value in use that cannot be easily quantified; and provide their

users with social and economic status as ascribed by others. Spanish and global markets for luxury goods are both large and growing.

Chapter 1 provides glimpses of contributions to new knowledge to be found in later thesis chapters. New theoretical perspectives discussed in Chapter 2 help to identify new independent and dependent variables in the study of luxury goods consumption and to indicate possible mediating, moderating, and control variables. The new theoretical perspectives also should help researchers state fundamental assumptions that underlie their research designs and to interpret their research results.

Knowledge of motivation-based segments of luxury goods consumers in Chapter 3adds to the limited conceptual knowledge about consumer behavior in this important product category. This knowledge should improve marketing management decisions and actions in communicating with specific luxury goods segments. Specifically, knowledge of consumer would be relevant to the design and delivery of information in advertisements, websites, sales promotions, and personal selling activities.

New knowledge found in Chapter 4 improves the understanding of causes and consequences of consumer satisfaction in the consumption of luxury goods. Consumer satisfaction may be due to perceptions of physical characteristics of a luxury good, emotions associated with use of a luxury good, or the impressions and reactions of relevant others associated with the use of a luxury good. Only two of these possible causes are supported by the data, a finding relevant to both a conceptual and managerial understanding of consumer satisfaction.

Suggestions in Chapter 5 contribute to future research in the purchase and consumption of luxury goods in work to be conducted by marketing academics and marketing decision

makers. Ultimate consequences of this work are contributions to new knowledge and more effective and efficient decision making among luxury goods manufacturers and retailers. Suggestions in Chapter 5 also describe implications of several important findings in this study for marketing decision makers. The ultimate beneficiary of better research and better decision making should be more satisfied luxury goods consumers.

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Chapter 2
Conceptualizing and Measuring Consumer Motivations to Purchase and Consume Luxury Goods

"Le superflu, chose très nécessaire." ("The superfluous, a very necessary thing.") Voltaire's view on luxury in *Le Mondain* (1736).

2.1 Introduction

Chapter 2 focuses on conceptualizing and measuring consumer motivations to purchase and consume luxury goods. The Chapter begins by summarizing marketing literature on luxury goods and luxury goods consumers. It continues by describing four social psychological theories relevant to consumer motivations to purchase and consume luxury goods. It then describes 10 domain specific motivations used to develop a Likert scale of 18 items that measure consumer motivations to purchase and consume luxury goods. Chapter 2 ends with discussions of the measurement development process and statements of conclusions.

Objectives of Chapter 2 are to place motivations to purchase and consume luxury goods in the context of relevant social psychological theories, to extend existing conceptual studies by identifying and defining unstudied motivations to purchase and consume luxury goods, and to suggest item content for a scale to measure consumer motivations to purchase and consume luxury goods. Contributions include providing researchers and managers with a more complete theoretical understanding of consumer motivations to purchase and consume luxury goods. This understanding will help researchers in the topic area to generalize their results to related research settings and to identify limitations in the design, execution, and reporting of their studies. This understanding should help managers make better decisions as they design, promote, and sell luxury goods.

2.2 Marketing Literature on Consumers and Luxury Goods

Luxury goods purchases were associated with household incomes and consumer attitudes toward cultural change in a study of 7,600 adult Europeans (Dubois and Duquesne 1993). As expected, household incomes were positively associated with purchases of luxury goods. Consumers who mistrust hierarchy and formal structure, tolerate risk, appreciate spontaneity, and try to preserve their ability to adapt to their environments were much more likely to purchase traditional and new luxury goods than consumers attached to their roots and their security. Household income and consumer attitudes toward cultural change were described as orthogonal predictors, accounting for 49 and 32 percent of luxury good purchases, respectively. The study concluded that many Europeans buy luxury goods for their symbolic properties, consistent with hedonic consumption motives and extended self-personality models.

Several cross-cultural marketing studies have examined consumer attitudes or perceptions of luxury goods. An examination (Kim, Baik, and Kwon undated) of Korean, Japanese and Chinese consumers found Korean consumers to have both negative and positive attitudes toward luxury products (useless, imitate the rich, highly taxed and flashy, beautiful life, dream). Japanese consumers tended to have more positive attitudes (good, beautiful life, buy for pleasure) while attitudes of Chinese consumers were between the Koreans and the Japanese. Korean and Japanese consumers often had a "gift" factor associated with luxury goods but Chinese consumers did not, perhaps indicating cultural differences in gift-giving practices among consumers in the three countries. A study comparing luxury goods consumption in Confucian and Western societies (Wong and Ahuvia 1998) identified differences in how consumers purchase, use, and give meaning to luxury brands. Differences stem from the collectivist and individualist cultural orientations of the two societies and include self-concepts, needs, hierarchies, and group affiliations. In brief, the consumption of expensive cars and jewelry by many Asians may not reflect "internal personal tastes, traits, or

goals" as it might for many Westerners. Instead, the consumption might reflect "the value that an interdependent self places on social conformity in a materially focused, family-oriented, and hierarchical culture" (Wong and Ahuvia 1998, p. 437). A comparison of attitudes toward luxury goods (Dubois, Czellar, and Laurent 2005) among 1,848 management students in 20 countries concluded that, while 19 countries share a common cultural definition of luxury, segments of "elitists," "democratics," and "distants" exist, even after controlling for income effects. Elitists hold traditional attitudes, believing that only a small, refined few should own luxury goods. Democratics hold more egalitarian attitudes, believing that many people should have access to luxury goods, that luxury goods can be mass produced, and that luxury goods can be sold in supermarkets. Distants believe that luxury products belong to another world that is inaccessible for people like themselves. These beliefs applied to students in all studied countries but in Hong Kong (the only collectivist culture studied), where luxury goods perhaps play a strong social-symbolic role and their private and hedonic meanings are less relevant.

A measurement development study (Vigneron and Johnson 2004) produced a 20-item semantic differential scale to measure individuals' perceptions of a product's luxury characteristics. The final scale contains five latent factors, three related to perceived characteristics of the luxury good itself (conspicuousness, uniqueness, quality) and two related to respondents' personal perceptions of the luxury good's characteristics (hedonic, extended self). The resulting Brand Luxury Index (BLI scale) measures consumer attitudes about the degree of luxuriousness possessed by a product or brand, information that would be useful to managers as they try to build or maintain luxury perceptions for their products and their brands relative to luxury perceptions of competing products and brands.

Another study (Amaldoss and Jain 2005) examined pricing effects for luxury goods in a hypothetical population containing a mix of "snobs" and "conformists." The study's duopoly model extends the traditional economic model of consumer decision making by including snobs and conformists as two consumer segments based on their desires for uniqueness and conformity. In the model, snobs buy luxury goods to satisfy a need for uniqueness while conformists buy luxury goods to emulate others. Thus, for snobs, the value of a luxury product increases as its perceived uniqueness increases while, for conformists, the value of a product increases as the number of other consumers who buy the product increases. The study's model predicts for a market comprising snobs and conformists, demand among snobs will increase as the price of a luxury good increases while demand among conformists will decrease. A laboratory experiment of 40 business students who played roles of snobs and conformists produced results consistent with the model: snobs face an upward sloping demand curve while conformists face a downward sloping curve.

Ending this review of marketing literature on consumers and luxury goods is a broad conceptualization article (Vigneron and Johnson 1999), drawing from books, articles, and other materials in diverse disciplines to identify two "self-consciousness" perspectives and five consumer motivations to purchase and consume luxury goods. Outwards or public self-conscious people are concerned about how they appear to others while inwards or private self-conscious people focus on their own inner thoughts and feelings. Public self-conscious people buy luxury goods based on three motivations: ostentation achieved via conspicuous consumption (satisfying a need for self-enhancement or self-esteem), non-conformity in comparison to the general public (satisfying a need for uniqueness), and similarity with a chosen reference group (satisfying a need for conformity). Private self-conscious people buy luxury goods from two motivations: perceived emotional value obtained via purchase and

consumption (satisfying a need for pleasure) and perceived quality or value obtained from a functional consumption experience (satisfying a need for utility).

Four conclusions summarize the marketing literature on consumers and luxury goods:

1. The literature contains only one study (Vickers and Renand 2003) using luxury goods consumers as units of analysis. Studies regularly collect data from others such as the public at large or university students.

2. The literature emphasizes attitudes and perceptions about luxury goods rather than motivations to purchase and consume. No study has empirically examined consumer motivations to purchase and consume luxury goods.

3. The literature generally overlooks five relevant consumer motivations to purchase and consume luxury goods. The motivations are identified here as materialism, legacy, investment, habit, and variety seeking and are discussed later in the Chapter.

4. The literature is limited in terms of conceptual or theoretical bases that describe consumer motivations to purchase and consume luxury goods. Apart from Amaldoss and Jain (2005), no empirical study has grounded its research hypotheses, design, and interpretations explicitly in relevant consumer theory.

The first three conclusions indicate past research is incomplete with respect to understanding why consumers purchase and consume luxury goods. Researchers have not gathered motivations-related data from luxury goods consumers, focusing instead on other psychological characteristics as possessed and reported by other consumers. Researchers have not studied five motivations that may explain purchase and consumption of luxury goods as well as or better than the five motivations now identified in the literature. The fourth conclusion indicates past research has generally avoided social psychological theories as bases for research on consumers and luxury goods. Past research has provided a limited theoretical and practical understanding of the topic, a position discussed in detail in the next section.

2.3 Social Psychology Theories and Motivations to Purchase and Consume Luxury Goods

Four social psychology theories are useful explanations of consumer motivations to purchase and consume luxury goods. Self-discrepancy and terror management theories are self-based motivational explanations from psychology while social comparison and symbolic interactionism theories are other-based motivational explanations from sociology. The four theories were chosen from dozens of theories in social psychology, psychology, and sociology as good starting points for empirical research on consumer motivations to purchase and consume luxury goods. The theories are useful because they offer underlying explanatory frameworks suitable for making predictions that can be tested by data. They are useful in identifying relevant independent and dependent variables and in indicating possible mediating, moderating, and control variables.

2.3.1 Self-Discrepancy Theory. Self-discrepancy theory describes how different types of disagreements in an individual's self-state representation are related to different kinds of emotional vulnerabilities and psychological discomforts (Higgins 1987). At some level of intensity, vulnerabilities and discomforts will be motivating and lead to behaviors to reduce these uneasy self-states. Three domains of the self (actual, ideal, ought) and two perspectives on the self (own, significant other) can be combined to form six self-state representations. For example, the ideal/own self-state is a representation of a perceived ideal self as seen from the individual's own viewpoint; the actual/significant other self-state is a representation of how the individual's current self-state is seen in the eyes of a significant other (e.g., friend, spouse, colleague, boss). Self-discrepancy theory posits that the six different self-state representations produce different types of negative psychological situations, four of which are motivating: ideal/own, ideal/other, ought/own, and ought/other.

These four motivating self-state representations are termed "self-guides" to refer to an individual's "self-directive standards or acquired guides for being" (Higgins 1987, p. 321). Ideal and ought self-guides are available both chronically and situationally to increase an individual's desire to approach desired end states and to avoid undesired end states. Focusing on desired end states motivates an individual to search actively for ways to regain psychological well-being, referred to as a promotion or a pleasure seeking focus. Such a focus would include the purchase and consumption of luxury goods. For example, an owner of an expensive fur coat may perceive a discrepancy between her ideal/own self-state and her ought/other self-state, the latter influenced by societal concerns about animal cruelty and ethical treatment of animals. Self-discrepancy theory would predict that this owner would experience agitation-related emotions such as shame, guilt, and self-contempt.

2.3.2 Terror Management Theory. Essential ideas of terror management theory (TMT) are that humans are oriented consciously and unconsciously toward self-preservation to forestall their own mortality, that awareness of human mortality is anxiety producing, and that this awareness is motivational (Pyszczynski, Greenberg, and Solomon 1997). Further:

> To minimize or reduce the perpetual terror that results from awareness of one's fragility and mortality in a dangerous and unpredictable world, people adopt views of themselves and of the world that attenuate their fears (Forgas and Williams 2003).

TMT is based on two hypotheses. The anxiety-buffer hypothesis says that an individual's self-esteem and cultural world views are buffers that insulate the individual from thoughts of death. The mortality salience hypothesis says that if self-esteem and cultural world views insulate people from thoughts of death, then reminding people of their mortality will increase their needs to value their self-esteem and cultural world views. Over 175 studies around the world have investigated the two hypotheses over a broad range of topics, including consumer behavior (Arndt et al. 2004).

However, only two published studies have used TMT in a marketing context, both of them conceptual and descriptive in their research designs. One study described TMT as a source of possible motivational bases for consumer behavior (Maheswaran and Agrawal 2004). TMT's motivational bases—defense and impression—may operate alone or as a pair in a mortality salient situation. The situation may trigger a defense motivation where the consumer desires to defend his or her preferred brand choices. Or, the situation may trigger an impression motivation where the consumer validates his or her self-worth by acting in concert with relevant others and seeking conformity in brand choices.

One other study describes stages in a typical terror management process using consumption relevant terms (Arndt et al. 2004). In the first stage, consumers are exposed to media portrayals including advertising that identifies one or more mortality salient topics. In the second stage, consumers employ one or more proximal defenses to mortality salience (such as watching TV) but remain vulnerable to health-related promotional appeals that diminish mortality salience. In the third stage, consumers' thoughts of mortality are non-conscious but readily accessible and consumers are perceptually alert to promotional appeals based on mortality salience. In the fourth stage, worldview components (cultural values, family values, religious faiths, adopted lifestyles, governmental principles, and so on) become highly accessible, making promotional appeals consistent with these components favorably received. In the fifth stage, distal defenses to mortality salience arise, giving these promotional appeals even a more favorable reception. The ultimate consequence of this terror management process in a consumption context is expected to be increased consumption associated activities that reflect materialism motives.

As an example, an elderly man on holiday might consider the purchase of an expensive diamond ring with the intent of giving it to his only son as a keepsake or reminder of his

beloved father. TMT would predict that mortality salient stimuli perhaps in the form of promotional slogans such as “A Diamond is Forever” (DeBeers) or “Because children and the future are two things you cannot predict” (Aviva Insurance) would increase purchase intention of the ring through a mortality salience activation.

2.3.3 Social Comparison Theory. Social comparison theory was initially proposed by Festinger (1954), positing that comparison to others is an innate, goal-oriented, human activity that ultimately shapes an individual’s self-perceptions. People view their own opinions, abilities, and life situations against those of others, producing both satisfaction and dissatisfaction depending on characteristics of others who are regarded as relevant comparison points. Social comparison theory includes motives for social comparison other than self-evaluation, including self-enhancement (raising one’s self-esteem by comparisons to others who are less well off), and self-improvement (seeking positive examples in the population of relevant others):

> Learning that another is better off than one’s self provides at least two pieces of information: that you are not as well off as everyone and that it is possible for you to be better than you are at present (Buunk et al. 1990, p. 1239).

In the case of consumer motivations to purchase and consume luxury goods, both the self-enhancement and self-improvement motivations are relevant. However, the later motivation (upward social comparisons where consumers want to see themselves as members of the elite) offers a somewhat stronger case. That is, consumption of many products might distinguish an individual from others who are less well off but not lead to the individual’s identification with more privileged consumers.

Social comparisons do not require direct, personal contacts with specific others or with groups of others and any social information gathered may be summary rather than specific in nature (Wood 1989). Indeed, social environments (e.g., workplaces, shopping malls, and

public streets) regularly impose social comparisons that shape an individual's self-perceptions. These comparisons impinge on an individual automatically. Comparisons take place with others who are "salient or simply available," with whom one has interacted with frequently or recently and whether one wanted to or not (Goethals 1986). However, research has largely ignored this most prevalent and potent type of social comparisons, those that people do not seek but that arrive simply on their own (Brickman and Bulman 1977).

As an example illustrating the social comparison perspective, suppose two first-year students at a university observe their roommate's regular use of a luxury cosmetic. A social comparison perspective would predict different purchase intentions for the two students based on differences in attention paid to social comparison information. Measurement of differences in attention might use a widely cited social anxiety scale (Liebowitz1987).

2.3.4 Symbolic Interactionism Theory. Symbolic interactionism (Blumer 1969) explains the origins of meanings ascribed to luxury products used when individuals make social comparisons. Symbolic interactionism theory describes the process of interaction among individuals in the formation of meanings of actions, objects, and language. Symbolic interaction refers to

> the peculiar and distinctive character of interaction as it takes place between human beings. The peculiarity consists in the fact that human beings interpret or define each other's actions instead of merely reacting to each other's actions. Their response is not made directly to the actions of one another but instead is based on the meaning which they attach to some actions. Thus, human interaction is mediated by the use of symbols, by interpretation, or by ascertaining the meaning of one another's actions (Blumer 1962 p. 180).

The notion that many products possess symbolic features and that consumption of goods may depend as much or more on the social meaning of goods than on the functional utility of goods reflects this study's definition of luxury goods stated earlier.

For symbolic features of products to equal or dominate their functional utilities often requires that others view the consumption experience. Veblen (1899) argued that newly wealthy individuals regularly consume highly conspicuous luxury goods and services in order to advertise their wealth, thereby achieving greater social status by impressing relevant others. Relevant others could be significant others, such as close family members, friends, and colleagues or could be distant others like neighbors, people in a church or country club, or the general public. Conspicuous consumption and its symbolic interaction origins continue to be recognized by contemporary scholars (Vigneron and Johnson 1999) who view conspicuous consumption as a signal of wealth (a snob effect) and reflecting an individual's need for uniqueness relevant to the masses. Thus, conspicuous consumption represents both a self-enhancement and a self-improvement social comparison based on symbolic interactionism explanations of product meaning.

As an example, a woman might buy her four-year old niece an expensive, Calvin Klein fleece hoodie before they take a walk in a public park. A symbolic interactionism perspective might explain purchase motivations for the gift in terms of the aunt's needs for uniqueness, self-esteem, and hedonism.

2.3.5 Conclusions. Four summary statements conclude Section 2.

1. The four social psychology theories complement rather than conflict in attempts to explain individual differences in consumer motivations to purchase and consume luxury goods. Two theories describe luxury goods consumers as individuals (self-discrepancy and terror management) and two describe luxury goods consumers in the context of relevant others (social comparison and social interactionism).

2. The four social psychology theories offer a rich variety of independent and dependent variables to study consumer motivations to purchase and consume luxury goods. Research designs based on these theories should yield a deeper understanding of luxury goods consumers than ad hoc, problem-based designs that currently characterize the literature.

3. Relevancy of these and other social psychology theories to a specific consumption decision for a luxury good will vary depending on the luxury product category, culture or social group under study, and motivational explanation under study.

4. Given the diversity of luxury products and their cultural consumption settings, a unified theory that explains individual differences in consumer motivations to purchase and consume luxury goods seems extremely difficult or perhaps impossible to formulate.

In sum, the four social psychology theories offer broad conceptual explanations from diverse perspectives of consumer motivations to purchase and consume luxury goods.

2.4 Consumer Motivations to purchase and consume Luxury Goods

Consistent with preceding discussion of the four social psychological theories, following sections describe 10 motivations that could explain why people purchase and consume luxury goods. The first three—uniqueness, conformity, and self-esteem—are widely recognized and have been termed "traditional" motivations based on interpersonal or social effects (Vigneron and Johnson 1999, p. 7). The next two—hedonism and utilitarianism—are newer and based on personal or private effects (Vigneron and Johnson 1999, p. 8). The last five—materialism, legacy, investment, habit, and variety seeking—have received limited or no recognition in the literature.

An individual's possession and consumption of one or more luxury goods help to define the individual's sense of self. This idea is perhaps the "most basic and powerful fact of consumer behavior" (Belk 1998, p. 139). Possessions extend the self literally, as when a sophisticated tool or telephone allows individuals to do things that they otherwise could not. Possessions extend the self symbolically, as when a new suit or a new car tells others something about its owner. Thus, a key to understanding what luxury good possessions mean to consumers is recognition that "knowingly or unknowingly, intentionally or unintentionally, we regard our possessions as parts of ourselves" (Belk 1988, p. 139).

Possessions have both public and private meanings, with each type of meaning producing value (Richins 1994a). Public meanings of an object are subjective interpretations of an object made by non-owners of the object, i.e., by the larger society. Private meanings are subjective meanings attached to an object by the object's owner. Private meanings "may include elements of the object's public meanings but the owner's personal history in relation to the object also plays an important role" (Richins 1994a, p. 506). Throughout following discussions of motivations, recognition of the importance of possessions to an individual based on their public and private meanings will be important.

2.4.1 Motivations of Uniqueness, Conformity, and Self-Esteem. Motivations of uniqueness, conformity, and self-esteem in the purchase and consumption of luxury goods are well-known and adequately summarized elsewhere (Vigneron and Johnson 1999). In brief, consumers purchase and consume luxury goods because these goods are perceived as different from products purchased by the masses. Such differences arise because the chosen good is seen as creative, unpopular, or simply different (Tian, Bearden, and Hunter 2001). Regardless, consumers of a particular luxury good attain a distinction of superiority among their peer consumers and by relevant others. Other consumers are motivated to purchase and consume the same luxury good because it is purchased and consumed by a relevant reference group to which the consumer aspires to belong. With such a motivation, a consumer attains a formal or informal affiliation with the identified group (which itself may be formal or informal in nature). This sense of conformity is most likely when the good is visible to others or is explicitly endorsed by the identified reference group (Bearden and Rose 1990). Yet other consumers are motivated to purchase and consume the same luxury good because the good enhances the consumer's private sense of self-esteem or self worth. These consumers achieve a satisfaction based on the "Me-self" (James 1890), defined as the sum total of all a person can call his or her own. The sum total is divided into three "constituents": material

self (bodily self and possessions); social self (characteristics of the self recognized by others); and spiritual self (inner self comprising thoughts, dispositions, moral judgments).

2.4.2 Motivations of Hedonism and Utilitarianism. Motivations of hedonism and utilitarianism seem to be opposite ends of a single dimension. However, a careful analysis (Okada 2005) reveals that purchase outcomes of a hedonic good are fundamentally different from those of a utilitarian good. A luxury good purchased primarily from a hedonism motivation results in experiential enjoyment, feelings of guilt, and attempts to justify the consumption experience on the part of its owner or user. In contrast, another or even the same luxury good purchased from a utilitarianism motive yields functional benefits to its owner or user by accomplishing necessary tasks. Functional benefits tend to be objectively quantifiable while hedonic benefits are usually subjectively quantifiable.

Hedonic consumption consists of "those facets of consumer behavior that relate to the multi-sensory, fantasy, and emotive aspects of one's experience with products" (Hirschman and Holbrook 1982, p. 92). Hedonic products are associated with sensory impressions; hopes, dreams, and desires; and emotions of love, envy, and greed. Utilitarian products are connected to rational product beliefs, conscious feelings of like and dislike, and reasoned intentions to purchase and consume. Proposed differences between hedonic and utilitarian motivated purchases (Hirschman and Holbrook 1982) include:

- Hedonic consumption is tied to imaginative constructions of reality while utilitarian consumption is tied to objective evaluations of reality.
- Hedonic consumption requires mental activity that is symbolic, holistic in terms of product features, and right-brained in origin. Utilitarian consumption uses mental activity that is objective, discrete in terms of product features, and left-brained in origin.
- Hedonic consumption and utilitarian consumption across product categories show patterns of differences based on subcultural differences among consumer groups based on ethnicity and age.

Subjective intangible benefits based on hedonism are essential parts of the "perceived utility" acquired from purchase and consumption of luxury products (Vigneron and Johnson 1999).

2.4.3 Materialism, Legacy, Investment, Habit, and Variety Seeking

The consumption of luxury goods often represents materialistic consumer behavior, with materialistic consumers regarding their own and others' possessions as a cue to evaluate personal prestige. A widely cited study of materialism (Richins and Dawson 1992) defines materialism as a consumer value that places possessions and their acquisition as a central life focus, that produces happiness, and that indicates or defines individual success. Compared to less materialistic consumers, more materialistic consumers place greater emphasis on financial security, show less emphasis on interpersonal relationships, prefer to spend more on themselves than on others, prefer a life of material complexity over material simplicity, and are less satisfied with their lives. A related study (Richins 1994b) examines consumer relationships with "special possessions" within groups of high and low materialism consumers. Compared to less materialistic consumers, more materialistic consumers tend to value possessions that are publicly rather than privately consumed, more expensive, and less sentimentally associated with others. High materialism consumers also value possessions that have a high financial worth and that indicate success or prestige of their owners or users.

A legacy based motivation to purchase and consume luxury goods derives from the consumer's intention to bequeath an item or items upon his or her death to a family member, friend, or organization. The motivation has received almost no academic research interest as related to marketing and consumer behavior. Sometimes the legacy motivation is viewed in the context of gift giving (Sherry 1983, Belk 1979); however, the motivation is tied more directly to mortality salience. For example, a terror management study (Jonas, Schimil,

Greenberg, and Pyszczynski 2002) found that increasing mortality salience in a consumer choice situation dealing with charitable contributions leads consumers to favorable beliefs about charities and positive intentions to donate money. The legacy based motivation is widely recognized in economics and law under the term "bequest motive." For example, a recent study (Kopczuk and Lupton 2007) finds that upwards of 75 percent of an elderly single population has a bequest motive and that this group spends about 25 percent less on household consumption expenditures than a similar population without a bequest motive.

An investment motivation to purchase and consume a luxury good is based the consumer's expectations of asset appreciation. For example, consumers may buy rare automobiles, antiques, artwork, rare books, rare glassware, rare coins, or rare wine with the idea that the acquired asset will earn a return above some risk adjusted rate. The investment motivation contrasts with other motivations to purchase and consume luxury goods (particularly hedonism) in that the consumer forms little attachment or appreciation of the luxury good other than as a vehicle to accumulate wealth. Instead, the consumer plays the role of a collector motivated by financial gain, variously estimated at about one third of all collectors (Burton and Jacobsen 1999). Based on three indices (Sotheby's, Salomon Brothers, and BritRail Fund), annual returns of some 11 to 14 percent seem representative for a variety of collectibles held between 13 to 21 years (Burton and Jacobsen 1999, p. 199). However, costs of holding a collection can be high (e.g., wines, automobiles) as can be the variability of returns (e.g., wines, photographs). Further, the long-term effects of fashion and short-term effects of fads often make investments in collectibles less than attractive. Still . . .

> for those with a yen for gambling, collectibles provide an outlet for sustained betting that is perhaps more socially acceptable than casinos or even the lottery, may offer its own sort of intrinsic joy, and in many cases, will yield returns better than even money (Burton and Jacobsen 1999, p. 200).

Two last motivations to purchase and consumer luxury goods are habit or customer loyalty and its counterpart, variety seeking. The two motivations are most relevant to frequently purchased luxury goods such as cosmetics and clothing. While much has been written (e.g., Dick and Basu 1994, Oliver 1999, McAlister and Pessemier 1982), about habit and variety seeking motivations in consumer behavior, the two motivations have not been applied specifically to the purchase and consumption of luxury goods.

Habit and variety seeking might seem at first glance (like hedonism and utilitarianism) to be opposite ends of a single dimension. However, "habit" includes both simple repetitive purchase behaviors with a minimum of mental processing as well as enthusiastic loyalty to a brand that reflects substantial cognitive, affective, and conative processing (Oliver 1999). Such loyalty is based on the consumer's belief that a chosen brand "continues to offer the best choice alternative" and that the brand is passively or actively endorsed by a relevant consumption community. Brand loyalty will be vulnerable to variety seeking in the form of multibrand loyalty, the lure of new experience, and switching incentives offered by competitors. A state of variety seeking (McAlister and Pessemier 1982) derives from intrapersonal motivations such as individual needs for stimulation and the acquisition of new information as well as from interpersonal motivations such as needs for affiliation and distinctiveness relevant to some reference group.

Table 2.1 presents the 10 motivations along with single-sentence conceptual definitions as applied in this study. Key characteristics of each motivation are highlighted for emphasis in distinguishing one motivation from another.

Table 2.1. Summary Definitions of 10 Motivations to purchase and consume Luxury Goods

Uniqueness	Buying or using a luxury product because it **is noticeably different from ordinary products**
Self-Esteem	Buying or using a luxury product because it **increases the owner's sense of self-worth**
Conformity	Buying or using a luxury product because it is **used by others in a relevant social group**
Hedonism	Buying or using a luxury product because it **provides enjoyment and pleasure**.
Utilitarianism	Buying or using a luxury product because it **provides useful, functional benefits.**
Materialism	Buying or using a luxury product because it **provides feelings of success and accomplishment.**
Legacy	Buying or using a luxury product because it can be **given to someone upon the owner's death.**
Investment	Buying or using a luxury product because it **offers an opportunity to increase in value over time.**
Habit	Buying or using a luxury product **without considering competing product alternatives**.
Variety Seeking	Buying or using a luxury product because of **a desire for diversity or change from a presently used product**.

2.5 Motivation Scale Development

Numerous meetings were conducted in 2008 with executives and managers employed by several luxury goods firms in Madrid (Carolina Herrera, CHANEL, Loewe, L'Oreal, Nicol's, and Suarez), academics associated with graduate-level programs in fashion (ESADE, Instituto de Empresa, and Universidad Carlos III), fashion journalists, fashion photographers, and fashion magazine editors. The purpose was to gauge academic and applied interest in a measurement scale for consumer motivations to purchase and consume luxury goods as well as to learn opinions about appropriate content of such a scale. Outcomes of these meetings ranged from casual interest to strong encouragement for developing the scale, almost always with cautions that any useful scale must be brief and that response rates in any application of the scale with luxury goods consumers likely would be low. A maximum of 30 items was considered acceptable, with many interviewees wanting substantially fewer.

Review of past research found six studies containing scales that could be adapted to measure most consumer motivations to purchase and consume luxury goods except for legacy and investment. These studies and their adapted scale items are identified as the 32 pretest scale

items in Table 2.2. Pretest items measuring the motives of legacy and investment were developed in this study, based on discussions in Sections 2.3 and 2.4.3.

Table 2.2. Pretest Scale Items, Consumer Motivations to purchase and consume Luxury Goods*

Uniqueness(after Tian, Bearden, and Hunter 2001) The luxury products and brands that I like best are ones that express my individuality. I often act in agreement with what others think are the right things to buy. (R) I sometimes buy unusual luxury products or luxury brands to create a more distinctive personal image. When buying luxury goods, an important goal is to find products that communicate my uniqueness.
Conformity(after Lennox and Wolfe 1984) Using luxury goods helps me to fit in with the groups I like. My behavior often depends on how I feel others wish me to behave. I pay attention to reactions of others to my behaviors to avoid being out of place. If everyone else in a group behaves in a certain manner, this must be the proper way for me to behave.
Self-Esteem (after Rosenberg 1965) Owning and using luxury goods makes me feel good about myself. Using luxury goods makes me feel that I am a person of worth, at least on an equal basis with others. Using luxury goods provides me with a sense of self-esteem.
Hedonism (after Voss, Spangenberg, and Ghrohmann 2003) Using luxury goods is truly a joy in life. Almost every time I use a luxury good the moment is enjoyable. I feel happy when I use luxury goods. When I use luxury goods I feel cheerful.
Utilitarianism (after Voss, Spangenberg, and Ghrohmann 2003) I like to use my luxury goods because they have all the features I need. It is very important that the luxury goods I own and use are practical and useful.
Materialism (after Richins and Dawson 1992) I like a lot of luxury products in my life. Some of the most important achievements in life include acquiring material possessions like luxury goods. Using luxury goods always gives me a lot of pleasure. I like to own things like luxury goods to impress people.
Legacy Upon death, it is important that one's special possessions be given to relatives or close friends. After I die, my special possessions will help other people to remember me. After I die, perhaps someone close to me will have my favorite luxury goods. At some future time, I want my valued possessions to be given to people in my life who have helped me.
Investment Owning old, rare books is a good idea because they will only increase in value. Owning a luxury good like fine art often is a good investment for the future. A collection of rare coins or rare stamps often yields a higher return than an investment in mutual funds.
Habit (after Van Trijp and Steenkamp 1992) I think of myself as a brand loyal customer when I buy luxury goods. When I go to a luxury restaurant, I prefer to eat dishes I am familiar with rather than to try new ones.
Variety Seeking (after Van Trijp and Steenkamp 1992) I enjoy taking chances in buying unfamiliar luxury brands, to get some variety in my purchases. I like to shop around for different luxury products and luxury brands just out of curiosity.

*(R) indicates reverse scored item.

To investigate content validity, the 32 items were randomly combined on a single page and attached to a cover page containing summary definitions of each motive as stated in Table 2.1. Instructions on the cover page asked respondents to read the 10 motive definitions carefully, read each item carefully, identify each item's motivational domain, and indicate any items that seemed confusing. Respondents consisted of 16 M.S. students in Business and 25 MBA students at a Spanish university, all fluent in English as their second language. Results supported the content validity of all but two items. The reverse-worded, second scale item for uniqueness was identified as measuring a conformity motivation by all respondents. Consequently, the word "often" was changed to "seldom' for subsequent use of this item. The third scale item for materialism was identified as measuring a hedonism motivation by all respondents, a logical interpretation from item wording.

2.5.1 Survey Research Design. Data to investigate the factor structure of these items were collected by a Web-based survey available at surveymonkey.com (copies of this survey form in English and Spanish can be found in the Appendix). A snowball sampling procedure was used to contact luxury goods consumers as the study's population of interest.

Snowball sampling frequently is used to identify respondents in rare populations such the one of interest here. Sampling began with a list of known luxury goods consumers, each of whom was contacted by individuals employed in the luxury goods industry in Madrid (managers in luxury goods firms, professors in fashion/luxury master degree programs, managers in communications agencies, fashion photographers, magazine editors, and managers of trade associations for luxury bags, cosmetics, and jewelry). These consumers were contacted either in person, via telephone, or by email and asked to participate in an academic study. Consumers were given a link to the data collection form at surveymonkey.com and a request to forward the link to their friends, family, and connections

who also consumed luxury handbags, cosmetics, perfumes, and jewelry. The survey website promised anonymity to all respondents and emphasized the academic nature of the study.

Data were collected over a two month period from 1 May 2008 to 31 June 2008, producing a sample of 128 respondents. Data were transferred to an SPSS data file and audited for item nonresponse (no out of range values could be entered on the survey form). Analysis found five respondents who did not answer most or all of the 32 motivations items and they were removed from the pretest sample. For the remaining 123 respondents, item nonresponse for the motivation items was approximately five percent. Missing values for these items were replaced by mean values.

As summary of respondent characteristics, respondents were 76 percent female, between the ages of 22 and 62, with educations ranging from high school diplomas to university Ph.D.s. Annual household incomes ranged from 12,000€ to over 1,250,000€. Mean and median values for age and income are 34.9 years and 33.0 years and 96,400€ and 48,000€; respectively. The modal education level is bachelor's degree. These values are based on data from 81 respondents who answered the four demographic questions at the end of the data collection form.

Respondents indicated on the data collection form the quantities of luxury goods either purchased or received as gifts in 10 luxury product categories in the preceding 12 months. Categories of responses are shown in Table 2.3, along with measures of central tendency and estimates of total annual consumption. For example, in the champagne product category, mean and median quantities are 8.9 and 2.0 bottles, respectively. If quantities purchased or received represented only the minimum unit value indicated on the survey form for the champagne category (30€ or more per bottle), a conservative estimate of the total annual

consumption is (8.9)(30€) or about 270€. Estimates of total annual consumption in the other product categories were calculated similarly.

Table 2.3 Luxury Product Categories and Pretest Respondent Consumption (*n* = 121)

Luxury Product Category	Unit Value More Than	Mean Units Purchased or Received	Median Units Purchased or Received	Estimated Total Annual Consumption (€)
Champagne	30€	8.9	2.0	270
Perfume	50€	5.2	4.0	260
Scarf or Neck Tie	100€	2.1	1.0	210
Pen or Lighter	100€	0.6	0.0	60
Jewelry or Watch	1000€	1.2	1.0	1,200
Wallet	200€	0.7	0.0	140
Clothing Article	500€	3.1	1.0	1,550
Antique	2000€	0.4	0.0	800
Fur Coat	1000€	0.2	0.0	200
Handbag	250€	1.7	1.0	420

Annual consumption amounts in these product categories were totaled for each respondent to produce estimates of total spending for the preceding year. Mean and median amounts were 5,030€ and 3,340€, respectively. First, second, and third quartile values are 960€, 3,340€, and 5,690€, respectively, and the range was from 0€ to 45,050€ (one respondent was removed from analysis here because of extreme amounts spent in several product categories, e.g., an amount of 1,000,000€ was reported spent on jewelry). Finally, a last description of luxury goods consumption among respondents is based on amounts they usually pay for a purchase six product categories: perfume, cosmetics, handbags, wallets, luggage, jewelry, and watches. Mean (median) values are 70€ (65€), 80€ (50€), 320€ (200€), 130€ (100€), 310€ (200€), 870€ (300€), and 1470€ (300€).

2.5.2 Convergent and Discriminant Validity. Joreskog's(1993) suggested confirmatory factor analysis (CFA) approach was used to examine convergent and discriminant validities of the 32 motivation items. The approach contains three stages. The first stage estimates separate CFA measurement models for each motivation construct having three or more scale items (three is the minimum number of items needed for identification in a single factor CFA

model). The second stage estimates CFA measurement models for all pairs of motivation constructs, allowing each pair to covary freely. The third combines all constructs into a single CFA measurement model, allowing all motivation constructs in the model to covary freely. Goodness-of-fit results and other criteria were considered jointly at each stage in eliminating weak measures to produce acceptable measures of each construct. Amos 16.0 was used for all CFA analyses.

Several criteria describe fit of a CFA model to observed data and indicate which scale items are possible sources of lack of fit. In the present study, scale items in each CFA analysis were retained, eliminated, or noted for future elimination based on overall model fit and item fit (large standardized residuals or small squared multiple correlations). Specific criteria to assess overall model fit appear in Table 2.4.

Table 2.4 Criteria for Good Fit Measurement Models in CFA

CFA Criterion	Suggested Criterion Level
Chi-Square Statistic (χ^2)	A non-significant value for chi-square supports the model, $p > 0.05$.
Normed Chi-Square (χ^2/df)	Values between 1.0 and 1.50 indicate a good fit of model to observed data (Arbuckle and Wothke 1999). Ratios in the range of 1 to 2 or 1 to 3 indicate acceptable fit (Carmines and McIver 1981).
Goodness of Fit Index*(GFI)*	A value of 1.0 indicates a perfect fit. Values greater than 0.90 indicate acceptable fit; values close to 0.95 represent a good fit (Hu and Bentler 1999).
Adjusted Goodness-of-fit Index (*AGFI*)	Values greater than 0.80 are acceptable.
Standardized Root Mean Square Residual *(SRMR)*	Values close to 0 indicate a good model fit. Values from 0.05 to 0.08 indicate acceptable fit(Hu and Bentler 1999).
Factor Loadings	Standardized factor loadings generally should exceed 0.70.

As illustrative of first stage analyses, Figure 2.1 presents CFA results for uniqueness. Results indicate a good fit of the CFA model to observed data, but item Unique2_1 shows unacceptable reliability (squared multiple correlation of only 0.03). Thus, this item was eliminated before conducting pairwise CFAs in stage two. A summary of fit statistics for single-factor CFA models for the seven motivation subscales having three or more scale items appears in Table 2.5. Models show generally acceptable fits for uniqueness and

conformity, while models for hedonism, materialism, and legacy have acceptable values for *GFI*, *AGFI*, and *SRMR* but unsatisfactory values for *p*. Models for self-esteem and investment have perfect fits based on their zero degrees of freedom. Inspection of the 26 standardized factor loadings for the seven subscales shows a range of values from 0.18 to 0.88, with 19 loadings exceeding 0.60 and 11 loadings exceeding 0.70. Four items have standardized factor loadings below 0.50 and will contribute to lack of fit in pairwise CFAs. Pairwise CFAs also will include the two-item subscales for utilitarianism, habit, and variety seeking.

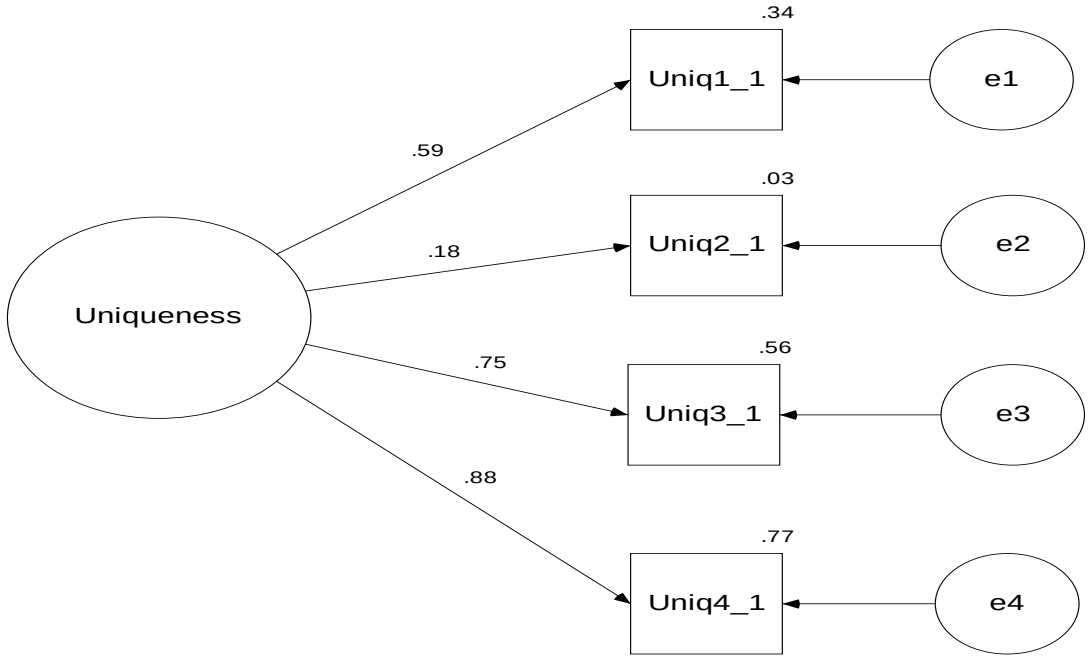

Figure 2.1 Factor Loadings and Squared Multiple Correlations for Uniqueness Subscale

Table 2.5 Summary Results of Single Factor CFAs*

Motivation Scale	χ^2	*df*	χ^2/df	*p*	*GFI*	*AGFI*	*SRMR*	Factor Loadings			
								Item 1	Item 2	Item 3	Item 4
Uniqueness	1.18	2	0.59	0.59	0.99	0.98	0.02	0.59	0.18	0.75	0.88
Conformity	3.56	2	1.78	0.17	0.99	0.93	0.04	0.61	0.61	0.46	0.63
Self-Esteem	0.00	0	0.00	NA	1.00	NA	NA	0.76	0.78	0.68	NA
Hedonism	9.30	2	4.65	0.01	0.97	0.84	0.04	0.49	0.68	0.85	0.82
Materialism	6.76	2	3.38	0.03	0.98	0.88	0.04	0.78	0.58	0.72	0.35
Legacy	7.08	2	3.54	0.03	0.97	0.86	0.04	0.77	0.64	0.90	0.67
Investment	0.00	0	0.00	NA	1.00	NA	NA	0.74	0.63	0.38	NA

*Squared multiple correlations for each item are obtained by squaring individual factor loadings. All factor loadings are significant at $p < .05$, one-tailed.

The next stage of CFA examined all 45 pairs of motivation subscales for overall model fit, item standardized residual covariances, and item factor loadings. All subscale items shown in Table 2.2 were used in this analysis except uniq2_1 (deleted on the basis of its low factor loading) and mat3_1 (deleted because of its item content overlapping with hedonism). As expected, item factor loadings in these analyses differed only slightly from values shown in Table 2.5 and, thus, are not reported here. Model fit statistics and pairwise factor correlations appear in Table 2.6.

Table 2.6 Summary Results of Pairwise CFAs for 45 Motivation Subscale Pairs

Motivation Subscale Pair	χ^2	*df*	χ^2/df	*p*	*GFI*	*AGFI*	*SRMR*	Factor Correlation
Uniqueness/Conformity	23.4	13	1.80	.04	.95	.89	.06	.69
Uniqueness/Self-Esteem	17.7	8	2.21	.02	.96	.88	.04	.61
Uniqueness/Hedonism	21.6	13	1.66	.06	.95	.90	.06	.59
Uniqueness/Materialism	8.5	8	1.06	.39	.98	.94	.03	.68
Uniqueness/Utilitarianism	2.7	4	0.68	.61	.99	.97	.02	.27
Uniqueness/Legacy	30.4	13	2.34	.00	.93	.86	.07	.46
Uniqueness/Investment	9.1	8	1.14	.33	.98	.94	.04	.74
Uniqueness/Habit*								
Uniqueness/Variety Seeking	9.2	4	2.30	.06	.97	.89	.04	.91
Conformity/Self-Esteem	28.5	13	2.19	.01	.94	.88	.05	1.04
Conformity/Hedonism	48.3	19	2.54	.00	.92	.84	.07	.56
Conformity/Materialism	25.6	13	1.97	.02	.94	.87	.06	.99
Conformity/Utilitarianism**								
Conformity/Legacy	52.9	19	2.78	.00	.90	.82	.08	.32
Conformity/Investment	27.2	13	2.09	.01	.94	.87	.07	.54
Conformity/Habit*								
Conformity/Variety Seeking	11.3	8	1.41	.18	.97	.92	.05	.59
Self-Esteem/Hedonism	48.1	13	3.70	.00	.90	.79	.07	.72
Self-Esteem/Materialism	32.3	8	4.04	.00	.92	.79	.06	1.05
Self-Esteem/Utilitarianism**								
Self-Esteem/Legacy	35.8	13	2.75	.00	.92	.83	.07	.44
Self-Esteem/Investment	14.5	8	1.82	.07	.96	.90	.05	.56
Self-Esteem/Habit	14.3	4	3.57	.01	.96	.84	.06	.56
Self-Esteem/Variety Seeking	6.4	4	1.61	.17	.98	.93	.04	.66
Hedonism/Materialism	37.4	13	2.89	.00	.92	.83	.06	.83
Hedonism/Utilitarianism	28.5	8	3.57	.00	.93	.82	.06	.73
Hedonism/Legacy	36.8	19	1.94	.01	.93	.87	.05	.46
Hedonism/Investment	35.6	13	2.74	.00	.93	.84	.06	.43
Hedonism/Habit	25.4	8	3.17	.00	.94	.84	.06	.18

Hedonism/Variety Seeking	23.6	8	2.95	.00	.94	.85	.07	.57
Materialism/Utilitarianism**								
Materialism/Legacy	17.5	13	1.34	.18	.96	.91	.05	.47
Materialism/Investment	12.4	8	1.55	..14	.97	.92	.05	.56
Materialism/Habit	4.81	4	1.20	.31	.98	.94	.04	.75
Materialism/Variety Seeking	3.48	4	0.87	.48	.99	.96	.03	.74
Utilitarianism/Legacy	14.4	8	1.80	.07	.96	.90	.04	1.01
Utilitarianism/Investment	9.61	4	2.40	.05	.97	.88	.06	.91
Utilitarianism/Habit**								
Utilitarianism/Variety Seeking	0.14	1	.14	.70	1.00	1.00	.01	.29
Legacy/Investment	36.6	13	2.82	.00	92	82	.07	.62
Legacy/Habit	20.9	8	2.62	.01	.95	.86	.06	.06
Legacy/Variety Seeking	17.9	8	2.24	.02	.95	.87	.05	.27
Investment/Habit*								
Investment/Variety Seeking	2.31	4	0.58	.68	.99	.97	.02	.57
Habit/Variety Seeking*								

*Model failed to converge (item hab2_1 unidentified). **Model failed to converge (item util2_1 unidentified).

Of the 45 CFAs, upwards of a dozen showed acceptable fit results for *GFI, AGFI, SRMR*, and *p*. The rest of the results in Table 2.6 show inadequate model fit to the data, including failure to converge (eight models using hab2_1 or util2_1, or both items) and *p* values less than .05 (21 of 37 converged models). Also indicating lack of fit, factor correlations exceed 1.00 for conformity/self-esteem, self-esteem/materialism, and utilitarianism/legacy; factor correlations approach 1.00 for conformity/materialism, uniqueness/variety seeking, and utilitarianism/investment.

Standardized residual covariances and factor loadings were examined for each converged CFA model in Table 2.6 to identify weak measurement items (factor loadings less than 0.5) or items contributing to model lack of fit (standardized residuals greater than 1.50). Lack of fit problems were noted by item in the 37 converged CFAs and totaled at the end of the pairwise analyses. Totals indicated that items uniqueness1_1, selfesteem3_1, hedonism1_1, legacy4_1, and investment3_1 contributed substantially to lack of fit (large standardized residuals) and these five items were eliminated from further analysis. Conformity3_1 was removed because of its low factor loadings, averaging 0.45 in the seven converged CFAs.

For the eight motivation pair CFA models that failed to converge, examination found that items utilitarianism2_1 or habit2_1 were responsible and these two items were eliminated.

Special attention was paid to models for conformity/self-esteem, conformity/materialism, and self-esteem/materialism based on their inadmissible factor correlations. The inadmissible correlation between utilitarianism/legacy was disregarded because deleting utlitarianism2_1 was expected to resolve the problem. Four exploratory factor analyses were run on the 10 items measuring self-esteem, materialism, and conformity. Principal axes factoring with promax and oblimin rotations were used, specifying the number of factors at three and four, for each analysis. Results appear in Table 2.7 for the two four-factor solutions (three-factor solutions did not fit the data particularly well, with 11 percent of residual correlations having absolute values greater than 0.05).

Table 2.7 Exploratory Factor Analysis for Self-Esteem, Materialism, and Conformity*

Item	Promax Pattern Loadings				Oblimin Pattern Loadings			
	I	II	III	IV	I	II	III	IV
Self1_1	0.82				0.71			
Self2_1	0.37	0.37			0.37		0.36	
Self3_1			0.94			0.92		
Mat1_1	0.76				0.62			
Mat2_1	0.67				0.59			
Mat4_1			0.40			0.42		
Conf1_1				0.94				0.91
Conf2_1		0.62					0.56	
Conf3_1		0.31						
Conf4_1		0.72					0.61	

*Pattern loadings less than 0.3 not shown for ease of interpretation.

Promax and oblimin pattern loadings in Table 2.7 indicate that respondents do not distinguish between self-esteem and materialism as motivations to purchase and consume luxury goods, with self1_1, self2_1, mat1_1, and mat2_1 all loading on the first factor. Self2_1 loads also on the second factor along with three of the four conformity items. Self3_1 and conf1_1 form unique factors rather than loading as expected on factors I and II. Correlations among the four factors ranged from 0.58 to 0.68 and from 0.39 to 0.56 for the promax and oblimin

rotations, respectively. Based on these results, self1_1, self2_1, mat1_1, mat2_1, conf2_1, and conf4_1 were retained for third stage analysis, comprising a self-esteem/materialism factor and a conformity factor.

The third stage analysis entered the remaining 20 items into a single CFA model containing all nine motivation factors, mutually correlated. Util1_1 and hab1_1 were entered as single-item indicators of their respective motivation factors, with error variances fixed at 30 percent of each item's observed variance (Anderson and Gerbing 1988). Results for the third stage model were acceptable, given its complexity. However, inspection of factor loadings suggested that deleting hed2_1 and leg2_1 (standardized factor loadings of 0.65 and 0.63, respectively) would improve measurement properties of final scales, as well as scale parsimony. Thus, the final third stage CFA model contained 18 items as identified in Table 2.8.

Model fit statistics for the final third stage CFA model are χ^2 =183.21, χ^2/df = 1.81, p = 0.00, *GFI* = 0.87, *AGFI* = 0.79, *SRMR* = 0.06. All statistics indicate generally acceptable measurement relative to criteria presented in Table 2.4. Factor loadings and item reliabilities are acceptable to good but for conf4_1 and perhaps inv1_1. However, reference to the wordings of these two items finds suitable content and the items were retained. Composite reliabilities, coefficient alpha reliabilities, and average variance extracted exceed conventional minimums except for the conformity and investment scales.

Table 2.8 Final Motivation Subscale Items and Measurement Properties

Motivation Subscale	Scale Item	Standardized Factor Loading	Item Reliability	Scale Composite Reliability	Average Variance Extracted	Coeff. Alpha
Uniqueness	Uniq3_1	0.73	0.53	0.81	0.68	0.80
	Uniq4_1	0.91	0.83			
Conformity	Conf2_1	0.72	0.52	0.61	0.43	0.60
	Conf4_1	0.58	0.33			
Self-Esteem/ Materialism	Self1_1	0.80	0.65	0.83	0.55	0.81
	Self2_1	0.79	0.54			
	Mat1_1	0.67	0.44			
	Mat2_1	0.70	0.49			
Hedonism	Hed3_1	0.85	0.73	0.83	0.71	0.83
	Hed4_1	0.83	0.69			
Utilitarianism*	Ut1_1	0.84	0.70	0.70	0.70	NA
Legacy	Leg1_1	0.86	0.73	0.83	0.71	0.83
	Leg3_1	0.82	0.68			
Investment	Inv1_1	0.63	0.40	0.64	0.47	0.63
	Inv2_1	0.74	0.54			
Habit*	Hab1_1	0.84	0.70	0.70	0.70	NA
Variety Seeking	Var1_1	0.73	0.54	0.71	0.54	0.70
	Var2_1	0.73	0.54			

*Standardized factor loadings and item reliabilities for utilitarianism and habit are fixed at 0.84 and 0.70, respectively.

Correlations among the nine motivation subscale are shown in Table 2.9. All correlations are positive with a range from 0.00 to 0.85. About two-thirds of the values lie in the range from 0.20 to 0.60.

Table 2.9 Correlations for Motivation Subscales

	Unique	Conform	Self/Mat	Hedon	Util	Legacy	Invest	Habit	Variety
Unique	1.00								
Conform	0.37	1.00							
Self/Mat	0.61	0.73	1.00						
Hedon	0.60	0.34	0.69.	1.00					
Util	0.21	0.21	0.41	0.43	1.00				
Legacy	0.36	0.08	0.40	0.44	0.49	1.00			
Invest	0.74	023	0.57	0.44	0.37	0.55	1.00		
Habit	0.79	0.09	0.24	0.08	0.16	0.00	0.20	1.00	
Variety	0.85	0.42	0.75	0.54	0.39	0.32	0.56	0.12	1.00

As summary of third stage results, motivation subscales for uniqueness, conformity, hedonism, legacy, investment, and variety seeking show acceptable to good psychometric

properties (scales for utilitarianism and habit have psychometric properties fixed). The subscale for self-esteem/materialism is a concern based on its two-dimensional nature. While self-esteem and materialism clearly represent two distinct psychological domains—that are accurately reflected in item content shown in Table 2.6 (but for the excluded item mat3_1)—empirical results find the two constructs combined. The only explanation that can be offered is that luxury goods consumers under study here cannot separate their sense of self-worth from their feelings of success and accomplishment, as these senses and feelings relate to luxury goods purchase or use.

2.5.3 Nomological Validity of the Motivation Subscales. A last examination of measurement properties of the nine final subscales focused on their nomological validity. Nomological validity refers to the ability of a measurement scale to produce results as expected in analyses using the scale and other measurements of theoretical relevance. More formally, nomological validity of a scale is assessed by "explicit investigation of constructs and measures in terms of formal hypotheses derived from theory" (Peter 1981, p. 135). Hypotheses may be associative or causal and tested by data taken from one or more theoretically meaningful groups of data sources.

Analyses following are based on responses to the nine motivations subscales from two groups. The first group continues to be the 123 luxury goods consumers. The second group consists of 22 high-level managers employed at luxury goods firms including Burberry, CHANEL, Carolina Herrera, Enrique Puig, Hermès, Loewe, L'Oreal (Luxury Products Division, Louis Vuitton, and Shisheido, with offices located primarily in Madrid and Barcelona. With few exceptions, managers indicated their job titles using "Director" followed by "General," "Marketing," or "Brand." After responding to the job title question, managers responded to the same survey items as luxury goods consumers. Managers read

instructions stating that the survey questionnaire would be used to collect information from luxury goods consumers. They were asked to think carefully for a moment about typical users of their products, in terms of users' personal characteristics, their shopping habits, their lifestyles, and their demographic backgrounds. With this mental picture of the typical user of their products in mind, managers were instructed to answer each question as if he or she were this typical user. Managers were cautioned not to think about their own personal views but instead to adopt the role of a typical user.

A first analysis used exploratory factor analyses for each of the two groups, based on correlations between summed scales representing the nine motivations (as identified in Table 2.8). The purpose was to see if factor structures would reflect the uniqueness of each motivation and be similar or identical for the two groups. Results for the nine-factor, principal components, promax rotations for the two groups completely validate third step results reported earlier. Each motivation emerged as a unique factor in both analyses, with all factor loadings at 0.97 or higher and all cross-loadings near zero.

A second analysis examined motivation correlations used in exploratory factor analyses to see if they are different for the two groups. The two correlation matrices appear in Table 2.10 and show similarities—all correlations are positive for the two groups, with ranges from 0.01 to 0.66 for consumers and 0.09 to 0.65 for managers. Average correlations for consumers and managers are 0.27 and 0.43, respectively. Perhaps the greatest differences between the two matrices are correlations for Habit1, the summed habit motivation. The eight correlations for consumers are quite small while those for managers are generally large. Box's M test of the equality of the two correlation matrices found no significant differences (F = 1.34 for 45, 4643 *df*, p> 0.07). If Habit1 is removed from the analysis, a stronger result

is obtained (F = 1.11 for 36, 4732 df, p> 0.31). Box's M test is known for its high power, so the conclusion that correlation matrices for the two groups do not differ is quite satisfying.

Table 2.10 Motivation Subscale Correlations, Consumers (n = 123) and Directors (n = 22)*

Summed Motive Scale	Unique 34	Conform 24	Self/Mat 1212	Hedon 34	Util 1	Legacy 13	Invest 12	Habit 1	Variety 12
Unique34	1.00	.09	.34	.65	.48	.35	.45	.53	.55
Conformity24	.28	1.00	.59	.15	.12	.67	.34	.36	.13
Self/Mat1212	.50	.48	1.00	.50	.36	.53	.55	.42	.26
Hedonism34	.45	.21	.59	1.00	.64	.35	.58	.58	.47
Utilitarianism 1	.17	.14	.33	.33	1.00	.35	.53	.55	.29
Legacy13	.27	.05	.34	.37	.37	1.00	.48	.53	.33
Investment12	.52	.15	.43	.30	.24	.58	1.00	.25	.54
Habit1	.04	.03	.18	.06	.11	.01	.16	1.00	.52
Variety12	.66	.25	.57	.41	.27	.24	.39	.08	1.00

*Correlations for consumers appear in the lower left triangle of the table; correlations for managers appear in the upper right triangle.

Analyses to assess nomological validity continued with a focus on consumer segments, identified in terms of the nine motivations and on segment differences for several dependent variables. Segments were obtained using the "Quick Cluster" algorithm in SPSS. The algorithm is executed in three steps:

1. On the first pass through the data, select initial cluster centers on the nine motivations using values for the first k cases as seeds (k is the number of clusters).

2. On the second pass through the data, assign each consumer in turn to the nearest cluster and update cluster means.

3. On the third pass through the data, assign each consumer in turn to updated cluster means based on Euclidean distance from each consumer to updated cluster means.

If k is not specified, the Quick Cluster algorithm will execute the above three steps NC times, where NC is specified to be the maximum number of clusters (15 in the present analysis). For each execution, the algorithm will calculate the Bayesian Information Criterion (BIC); the analysis concludes by identifying the solution having the minimum value for BIC. For the present sample, BIC = 843.0 for a one-segment solution, 781.7 for a two-segment solution, 810.9 for a three-segment solution, with small increases in BIC for subsequent solutions. Thus, a two-segment solution was chosen. It should be emphasized that use of the

Quick Cluster algorithm here is exploratory, expedient, and solely to comment on nomological validity of the nine motivation subscales. A more sophisticated clustering analysis procedure will be presented in Chapter 3.

Table 2.11 presents segment sizes and mean values on the nine motivation subscales for the two consumer segments. As can be seen, segments one and two differ simply in having small and large values on the scales, segment one having always smaller motivation scale scores than segment two. Still, an analysis of how the two segments differ in terms of their consumption behaviors for luxury goods will be informative.

Table 2.11 Motivation Scale Means by Quick Cluster Consumer Segments

Segment	Unique 34	Conform 24	Self/Mat 1212	Hedon 34	Util 1	Legacy 13	Invest 12	Habit 1	Variety 12
One (*n*=37)	3.37	2.65	5.34	5.02	3.05	6.81	5.17	2.86	3.88
Two (*n*=85)	6.65	3.96	10.50	7.02	3.60	8.00	7.06	3.30	6.45
Combined	5.66	3.56	9.09	6.41	3.43	7.64	6.48	3.17	5.67

Given that motives are explanations for behaviors and actions, it is appropriate to examine differences in consumption behaviors between the two Quick Cluster segments. These behaviors were examined in terms of quantities of luxury goods respondents purchased or received as gifts in the preceding 12 months and in terms of prices respondents would usually pay for products in six luxury goods categories.

Quantities of luxury goods purchased or received as gifts in the 10 luxury product categories shown in Table 2.3 all were distributed with right skews and leptokurtic. Seven product categories are examined here because the number of purchasers in these categories exceeded 30. (Product categories of pens and lighters, antiques, and fur coats had only 26, 13, and 12 purchasers, respectively.) Skewness values for the seven product categories ranged from 5.5 to 7.0 and kurtosis values ranged from 33.2 to 50.7. Thus, nonparametric tests are needed to test median differences in quantities consumed for the two segments. Results appear in Table

2.12. In five product categories, segment two (having higher values on the nine motivation subscales than segment one) has higher mean ranks than segment one. Differences are significant for product categories of perfumes and wallets. These results should be interpreted positively because of limited statistical power based on sample size.

Table 2.12 Mean Ranks for Amounts Consumed in Last 12 Months for Quick Cluster Consumer Segments, by Luxury Product Category

Segment	Champagne (*n*)	Perfume (n)	Scarf or Neck Tie(*n*)	Jewelry or Watch(*n*)	Wallet(*n*)	Clothing Article(*n*)	Hand Bag(*n*)
One	33.6(20)	31.2(24)	23.9(13)	21.6(16)	13.5(8)	27.6(14)	24.5(14)
Two	32.0(44)	40.5(50)	21.9(31)	26.0(32)	20.5(37)	29.5(43)	27.9(39)
Mann Whitney U	419.0	449.0	183.5	209.0	72.0	281.0	237.5
Z value	-0.31	-1.76	-0.47	-1.09	-2.02	-0.38	-0.75
p-value*	0.38	0.04	0.32	0.14	0.02	0.35	0.23

*One-tail tests.

A last investigation into nomological validity properties of the nine scales again used the two Quick Cluster segments and responses from a question asking for prices that respondents "usually would pay" for products in luxury goods categories of perfumes, cosmetics, handbags, wallets, suitcases, jewelry, and watches. Similar to discussion above, distributions of price responses all were right skewed (skewness values from 1.2 to 4.5) and leptokurtic (kurtosis values range from 0.4 to 26.0) and required nonparametric analyses. Results appear in Table 2.13. In all product categories, segment two has higher mean ranks than segment one, with differences significant for product categories of wallet, jewelry, and watch. Results approach significance for handbags and suitcases. Again, results should be interpreted positively because of limited statistical power based on the nonparametric test.

Table 2.13 Mean Ranks for "Usual Prices Paid" for Quick Cluster Consumer Segments, by Luxury Product Category

Segment	Perfume (*n*)	Cosmetic (n)	Hand Bag(*n*)	Wallet(*n*)	Suitcase (*n*)	Jewelry (*n*)	Watch (*n*)
One	(33)	(24)	(13)	(16)	(8)	(14)	(14)
Two	(78)	(50)	(31)	(32)	(37)	(43)	(39)
Mann Whitney U	1258.5	1142.5	830.0	730.0	782.0	479.0	699.5
Z value	-0.19	-0.33	-1.16	-1.93	-0.82	-2.79	-1.91
p-value*	0.43	0.37	0.12	0.03	0.21	0.00	0.03

*One-tail tests.

As summary of nomological validity analyses, results support the idea that applications of the nine motivation subscales yield research results consistent with theoretical expectations. Additional analyses supporting nomological validity of the nine subscales are reported in Chapters 3 and 4 for a larger sample of luxury goods consumers.

2.6 Discussion

Discussion begins with a focus on theoretical foundations of consumer motivations to purchase and consume luxury goods.

Symbolic interactionism theory seems fundamental to self-discrepancy, terror management, and social comparison theories. Symbolic interactionism explains meanings of actions, objects, and language that, in turn, are central to understanding luxury goods behaviors using self-discrepancy, terror management, and social comparison theories. That is, any properties of uniqueness, conformity, self-esteem, materialism, hedonism, utilitarianism, legacy, investment, habit, and variety seeking attached to any luxury good derive to a large extent from a history of symbolic interaction activities.

Between self-discrepancy, terror management, and social comparison theories, no theory emerges as superior in any hierarchy of logic, explanatory power, or limits in understanding luxury good motivations. For example, motivations of uniqueness, legacy, and variety seeking might be examined using the four self-guides in self-discrepancy theory (ideal/own, ideal/other, ought/own, ought/other).Conformity, self-esteem, and habit motivations could be used either as a defense or an impression motivation in TMT explanations of luxury goods consumption. Materialism, hedonism, utilitarianism, and investment motivations are relevant to a self-improvement comparison or a self-enhancement comparison in social comparison

theory. In short, the studied motivations fit equally well within the context of any of these three social psychological theories.

Discussion turns now to the encouraging analysis results for the motivation subscales. The subscales are almost ready for use in other studies with some suggested revisions in item content. The recommended change is to include the idea of "luxury goods" in all items, as shown in Table 2.13. The revised subscale items would benefit from further data collection and measurement analysis similar to that described in Chapter 2. Final subscales might be used to examine propositions such as these below:

- Motivations to purchase and consume luxury goods apply equally well to the purchase and consumption of traditional and new luxury goods.
- Within a specific product category, motivations to purchase and consume luxury goods will vary by luxury good consumers. Meaningful segments of luxury goods consumers can be identified based on these motivations.
- Understudied motivations (materialism, legacy, investment, habit, variety seeking) to purchase and consume luxury goods will explain consumer behavior and behavioral intentions as well as established motivations (uniqueness, conformity, self-esteem, hedonism, and utilitarianism).

The first proposition says that studied motives can be found in elite populations purchasing *haute couture* clothing and luggage; with middle class consumers buying upscale cosmetics and confections; or among lower class consumers buying blue jeans and beer. The second states that clusters of consumers can be found who differ in their motivations to purchase and consume luxury goods. The third posits that unstudied motivations predict important dependent variables relevant to luxury goods consumption as well as motivations described in the current literature. The second and third propositions will be examined in Chapter Three.

Table 2.14. Revised Subscale Items for Future Use

Uniqueness
I like to buy luxury products that create a distinctive personal image for me.
When buying luxury goods, an important goal is to find products that communicate my uniqueness.*
Conformity
My use of luxury goods often depends on the social group that I will be with.*
If others in my social group own and use luxury goods, I feel like I should do the same.
Self-Esteem
Owning and using luxury goods makes me feel good about myself.*
Using luxury goods makes me feel that I am a person of worth, at least on an equal basis with others.
Hedonism
I feel happy when I use luxury goods.*
When I use luxury goods I feel cheerful.
Utilitarianism
I like to use my luxury goods because they have all the features I need.
Materialism
I like a lot of luxury products in my life.
Some of the most important achievements in life include acquiring material possessions like luxury goods.*
Legacy
Upon death, it is important that one's special possessions be given to relatives or close friends.*
After I die, perhaps someone close to me will have my favorite luxury goods.
Investment
Owning luxury goods like old, rare books is a good idea because they will only increase in value.
Owning luxury goods like fine art often is a good investment for the future.*
Habit
I think of myself as a brand loyal customer when I buy luxury goods.
Variety Seeking
I enjoy taking chances in buying unfamiliar luxury brands, to get some variety in my purchases.*
I like to shop around for different luxury products and luxury brands just out of curiosity.*

*Indicates items having higher reliabilities of the scale pair.

Results in Chapter 2 are limited with respect to sample characteristics. Data come from a small sample of luxury goods consumers in Spain, a collectivist culture, with mean values for conformity and uniqueness scales most likely inflated. However, interests in data analysis were not with subscale means but with subscale covariances and correlations. Subscale covariances and correlations are unaffected by high (or low) mean values. Sample size is small, limiting statistical power in nonparametric analyses for nomological validity and suggesting caution in interpreting CFA results (all of which are based on maximum likelihood estimation).

The Internet-based sampling procedure raises concerns for sample representativeness. Use of the Internet to gather data means that sample members quite likely are younger than the target

population, perhaps making the legacy motivation scale somewhat less relevant to them than to others in the population. However, measurement properties for legacy in Table 2.8 equal or exceed those of the other subscales. The Internet-based sampling procedure perhaps results in a higher response rate than a mail survey.

While effective in studying a rare population, the snowball sampling produces a non-probability sample and introduces two potential biases. One bias is in deflated standard errors because of similarities among snowball contacts. This bias will not exist if an initial respondent contacts no one and perhaps can be ignored for respondents more than two steps away from each other. An analysis into this bias was conducted by examining pairwise CFA models having correlated errors for indicators identified in Table 2.8. Values for error correlations ranged from 0.10 to 0.48 and averaged about 0.23, perhaps indicating bias but also reflecting common method variance in the research design. The snowball sampling procedure also suffers from a non-response bias. This bias cannot be estimated by persuading a random sample of non-respondents in this research design to provide responses.

Because of common method variance, correlations in Table 2.9 are biased in size and direction. The amount of bias depends on true correlations between pairs of constructs and pairs of methods and also on percents of trait and method variance present in each construct's measurement. Table 2.8 shows composite reliability values to average near 0.80 for the seven multi-item subscales and produces an estimate of method variance of 0.20. Assuming a true correlation between methods for any pair of items under study is 0.80 and using formula 1 from Podsakoff et al. (2003) produces bias estimates from 0.16 (for a true correlation of 0.00 between traits) to –0.04 (for a true correlation of 1.00 between traits). For true correlations between variables of 0.80 or higher the observed correlations are downwards biased. For true correlations between variables less than 0.80, observed correlations are

upwards biased. Thus, the average correlation between motivation subscales, 0.39 (Table 2.9), is upwards biased by 0.10.

As a final limitation, the suggested motivation subscales in Table 2.14 contain only one or two items to measure each motivation. The domain of item content for each motivation is large and such short subscales cannot adequately tap these domains. The result is that the subscales necessarily suffer from limited content validity. The subscales should be used with this caution. The subscales are particularly appropriate when questionnaire length is a concern.

2.7 Chapter Summary and Conclusions

Conceptualizing and measuring consumer motivations to purchase and consume luxury goods requires a broad theoretical perspective, consistent with ideas drawn from economics, product and competitive strategy, and user value obtained from personal consumption experiences. Motivations under study in this thesis reflect four social psychological theories of the individual in society. These motivations are specific to individual cultures, sub-cultures, and reference groups, making identities of luxury goods idiosyncratic to these social groups rather than universal. The four theories help researchers to state fundamental assumptions that underlie their research designs and to interpret research results. The four theories help researchers to pursue a topic perhaps to the point where one theory will be preferred over others and where managers are comfortable in their use of knowledge generated.

As many as 10 motivations might explain consumer purchases and uses of luxury goods, even within a single product category. Measures of the 10 motivations in this Chapter generally show acceptable psychometric properties. Thus, subscales identified here should be useful in segmenting markets and in explaining purchase and consumption behaviors of

luxury goods consumers. Knowledge of motivation subscale means, variances, and covariances for a selected target market should benefit marketing decision makers with responsibilities for product positioning, advertising, and sales management. Measures would apply as well to academic studies of markets for traditional and new luxury goods, market segments for these goods, and purchase intentions and behaviors for these goods.

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Chapter 3
Segments of Luxury Goods Consumers

"All animals are equal, but some animals are more equal than others." George Orwell (1946)

3.1 Introduction

An important objective of this thesis is to identify and understand segments of consumers in terms of their motivations to purchase and consume luxury goods. Understanding segments of luxury goods consumers is interesting knowledge for marketing academics, as well as for manufacturers and retailers that compete in the market. Following sections in Chapter 3 review motivational bases for segmentation analysis and describe cluster analysis procedures used to identify six segments of luxury goods consumers. A last section discusses segmentation results and presents conclusions.

3.2 Definitions of Luxury Goods

As discussed in Chapter 1, researchers have studied consumption of luxury goods from several perspectives: economics, product and competitive features, consumers' private and personal uses, and social environment. From these perspectives, a product related definition of luxury goods was stated as: "those scarce products with an objective or symbolic extra value, with a higher standard of quality, and with a higher price than comparable products" (Mortelmans 2005, p. 507). A more abstract definition focused on the social environment of luxury goods consumption, defining luxury goods as "meaning-producing devices" circulating in a particular cultural environment whose meanings derive from social stratification (Mortelmans 2005). In this second sense, perceived value of a luxury product is ascribed by consumers as members of one or more hierarchically ordered social groups. Combining these two definitions, one could say that luxury goods—when compared to standard products—are scarcer, more expensive, and better designed. Luxury goods provide

their users with a subjective value that derives from social status relations in a specific socio-cultural setting.

3.3 Consumer Motivations to Purchase and Consume Luxury Goods

Chapters 2 and 3 focus on 10 motivations that explain why people purchase and consume luxury goods. Traditional motivations include uniqueness, self-esteem, and conformity, with somewhat newer motivations added to the literature as hedonism and utilitarianism. Still newer motivations with little or no recognition in the literature include materialism, legacy, investment, habit, and variety-seeking. Table 3.1 presents these 10 motivations along with their summary definitions.

Table 3.1 Summary Definitions of 10 Motivations to purchase and consume Luxury Goods

Uniqueness	Buying or using a luxury product because it is noticeably different from ordinary products.
Self-Esteem	Buying or using a luxury product because it increases the owner's sense of self-worth.
Conformity	Buying or using a luxury product because it is used by others in a relevant social group.
Hedonism	Buying or using a luxury product because it provides enjoyment and pleasure.
Utilitarianism	Buying or using a luxury product because it provides useful, functional benefits.
Materialism	Buying or using a luxury product because it provides feelings of success and accomplishment.
Legacy	Buying or using a luxury product because it can be given to someone upon the owner's death.
Investment	Buying or using a luxury product because it offers an opportunity to increase in value over time.
Habit	Buying or using a luxury product without considering competing product alternatives.
Variety Seeking	Buying or using a luxury product because of a desire for diversity or change from a presently used product.

Brief discussion of the 10 motivations follows (a more complete discussion is found in Chapter 2).Consumers who purchase and consume luxury goods based on motivations of uniqueness, self-esteem, and conformity do so because the goods are associated with at least

one relevant reference group and are different from goods favored by the masses. Consumption of luxury goods often enhances a consumer's sense of self-worth or feeling of pride and satisfaction with self. Consumers who purchase and consume luxury goods based on hedonism do so because these activities result in enjoyment. However, at the same time these activities may produce feelings of guilt and attempts to justify the consumption experience. Luxury goods purchased from a utilitarianism motive occur when consumers want to use the goods to complete a specific task. Consumers who purchase and consume luxury goods based on a materialism motivation do so because the acquisition activity is a central life focus that produces happiness and indicates individual success. Legacy based motivations to purchase and consume luxury goods derive from consumers' intentions to bequeath an item to a family member, friend, or organization. Investment motivations to purchase and consume luxury goods are based on expectations of asset appreciation. Habit motivations refer to the routine buying and consuming of luxury goods without regard to competing products. Variety seeking motivations in the context of luxury goods are driven by a desire for diversity in consumption experiences.

3.4 Market Segmentation and Cluster Analysis

The 10 motivations to purchase and consume luxury goods will be used as variables to segment the sample of luxury goods consumers under study. Market segmentation is one of the most central concepts in marketing, introduced by Wendell R. Smith (1956) in his article "Product Differentiation and Marketing Segmentation: Alternative Strategies":

> The theory of perfect competition assumes homogeneity among the components of both the demand and supply sides of the market, but diversity or heterogeneity has come to be the rule rather the exception" (p. 3).

Market segmentation activities and analyses focus on market structure from the point of view of buyers or consumers. Results of these activities are used to predict demand for a product located in a multidimensional product-market space (Johnson 1971). This space often is

taken in the form of a multidimensional scaling diagram that simultaneously locates buyer segments and a set of competing products to indicate segment preferences and to learn identities of direct and indirect competitors. If demand is not perfectly heterogeneous, unique groups of consumers with similar preferences for a product can be located, each group unique also in members' responses to marketing programs and actions. These similar needs and similar responses distinguish one segment from another (Wind 1986).

Objectives of market segmentation analyses are to understand why groups of consumers consume as they do and how to devise more effective and more efficient marketing strategies based on limited marketing budgets (Baker and Burnham 2001). Effective segmentation analyses should produce more satisfied consumers and higher sales and profits to the firm, either from existing products and brands or from new products and brands (Johnson 1971).

In any market, the number of possible segments ranges from one (where all members of the market form a single segment) to N (where each member of a market of size N forms a unique segment). Segments of size one are found in some industrial marketing settings where the number of buyers is small and their needs are highly differentiated. Segments of size one also are commonly found in service settings such as legal, counseling, and medicine. Segments of size one are uncommon in mass marketing settings.

However, much conceptual and applied work has been done recently in a practice called "mass customization" (Kotha 1995, Delleart and Stremersch 2005). Mass customization uses digital technology to design, produce, and deliver products that meet individual customer's needs with efficiencies that are almost equal to efficiencies associated with mass production and mass marketing. Mass customization often is applied by marketers of such products as laptop computers, clothing, cosmetics, automobiles, and hearing aids, for example. In all

markets, Kotler (1989) describes the use of a four "P" framework for segmentation: Probing (conduct research on the market), Partitioning (segment the market), Prioritizing (identify segments where the company has a competitive advantage), and Positioning (devise competitive options for each chosen segment.). Kotler applies this framework at four market levels: mass market, segmented market, small niches or micromarkets, and individual markets (individual customers, as a mass customization strategy).

Table 3.2 classifies the major partitioning approaches used in market segmentation along two dimensions: descriptive and predictive clustering and a priori and post hoc clustering. Descriptive segmentation analyses try to explain observed frequencies of clustered respondents under study. Predictive segmentation analyses assume that one or more independent variables can be found that can explain observed frequencies. A priori clustering methods begin with segments already identified in the market, while post hoc methods assign segment identities to consumers or other objects under study.

Post-hoc descriptive cluster analyses form relatively homogeneous groups of consumers or objects based on variables describing these objects, identify the number of clusters in the data, and then describe characteristics of objects within each cluster in terms of clustering and other variables. Post-hoc descriptive, nonoverlapping cluster analyses are the most commonly used partitioning methodology in marketing studies.

Nonoverlapping clustering identifies clusters or segments whose members belong to no other segments. Nonoverlapping clustering includes both hierarchical and non-hierarchical methods. Hierarchical methods begin by combining two objects to form an initial cluster and in subsequent steps either add another object to this cluster or form a second cluster of two other objects, based on a set of decision rules. Nonhierarchical methods begin with a

predetermined number of clusters and then partition objects into these clusters based on a set of decision rules.

Table 3.2 Classification of Cluster Segmentation Methods (Wedel and Kamakura 2000)

Method Objective	**A Priori Examples**	**Post Hoc Examples**
Descriptive	Contingency tables, log-linear models	Clustering: nonoverlapping, overlapping, fuzzy techniques, mixture models
Predictive	Contingency tables, logistic regression, logit, probit; discriminant analysis	AID, CART, clusterwise regression, ANN, conjoint, mixture models

The partitioning approach used in this thesis is a post-hoc, descriptive procedure, employing two nonoverlapping clustering procedures: Ward's method followed by *k*-means clustering. After clustering with several alternative hierarchical methods, Ward's method was selected as the method of choice in this study. The *k*-means clustering algorithm then was selected as the study's non-hierarchical method, partitioning luxury goods consumers into *k* groups such that such that each consumer has a minimal distance to their assigned cluster centroid. The distance measure used was squared Euclidean distance. Ward's method and *k*-means clustering are describing in more detail in following sections, after a brief description of data collection activities.

3.5 Data Collection

Data were collected electronically through surveymonkey.com. A questionnaire on that website was completed by luxury good consumers through a snowball sampling procedure between 1 May and 31 June 2008. A total of 206 consumers responded to the questionnaire.

First-step or initial respondents were known consumers of handbags, cosmetics, perfumes, or jewelry of different luxury brands. All first-step respondents were associated with the luxury goods industry from several points of view: luxury firms, trade associations, fashion

photographers, fashion models, editors of fashion publications, professors of master degree programs in luxury goods, and communications agencies. First-step respondents then directed second-step respondents to the website based on their knowledge that these friends and acquaintances also consumed luxury goods in one or more of the four product categories. The survey's introduction indicated the academic nature of the study, stated that respondents' identities would remain anonymous, and that all data would be kept confidential at Universidad Carlos III.

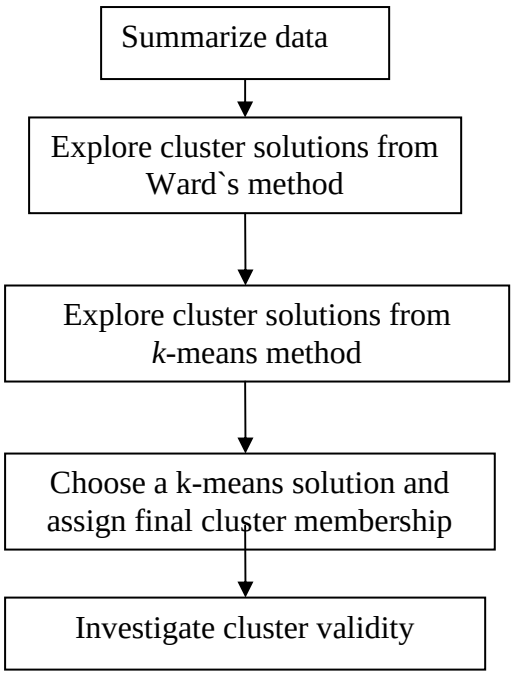
The questionnaire contained five sections. (Copies of the questionnaire in English and Spanish can be found in the Appendix.) Data from section 4, motivations, and section 5, demographic and product purchase information, were used in cluster analyses. Response rates varied for measurement items in the two sections. Almost 170 consumers responded to the 32 motivation items (item responses ranged from 165 to 169) and exactly 147 consumers for the demographic and product purchase items. More complete information on consumer responses to motivation items, demographic items, and product purchase items follows in Section 3.6.1.

3.6 Data Analysis Procedures and Results

Cluster analysis followed a five-step approach based on Singh (1990) and shown in Figure 3.1. After a summary of variables in the analysis, Ward's method was used to provide information about the number of clusters, cluster centroids, and outlier respondents. This information then was used in non-hierarchical clustering with *k*-means. This two-step approach avoids the main drawback of using either the hierarchical method or the *k*-means method alone, namely the difficulty of knowing how many clusters are appropriate for observed data. The two-step approach increases reliability of hierarchical clustering results, as the non-hierarchical method adjusts or provides further information about cluster

membership (Singh 1990). Once a final cluster solution is chosen, the solution is validated in both internal and external senses. Following sections describe each of these five steps, beginning with a summary of the data.

Figure 3.1. Cluster Analysis Procedures Used in this Study



3.6.1 Summarize Data. As summary of respondents' characteristics, 74 percent are females between the ages of 22 and 66, with educations ranging from high school to university graduate degrees Mean(median) ages and annual incomes are 37.7(34.0) years and 109,635€(72,000€); respectively. Modal education level is master's degree. These values are based on data from 147 respondents who answered demographic questions at the end of the questionnaire.

Respondents also reported quantities of luxury goods purchased or received as gifts in the preceding 12 months. As described in Chapter 2, respondents indicated on the data collection form the quantities of luxury goods either purchased or received as gifts in 10 luxury product

categories. Product categories are shown in Table 3.3, along with measures of central tendency and estimates of annual consumption per consumer based on mean units purchased or received. For example, in the champagne product category, mean and median quantities are 8.9 and 3.00 bottles, respectively. If these quantities represent only the minimum unit value (30€) shown on the questionnaire for the champagne product category, a conservative estimate of per consumer total annual consumption is (8.9)(30€) or about 270€. Estimates of per consumer total annual consumption in other product categories are calculated similarly.

Table 3.3 Summary of Luxury Product Consumption (*n* = 147)

Product Category	Consumers Responding	Unit Value More Than	Mean Units Purchased or Received	Median Units Purchased or Received	Per Consumer Total Annual Consumption (€)
Champagne	116	30€	8.9	3.0	270
Perfumes	138	50€	4.8	4.0	240
Scarf/Neck Tie	82	100€	4.6	3.0	460
Pens/Lighters	46	100€	1.7	1.0	170
Jewelry/Watch	85	1000€	2.1	2.0	2100
Wallets	66	200€	3.0	1.0	600
Clothing	102	500€	5.3	3.0	2,650
Antiques	28	2000€	2.0	1.0	4,000
Fur Coats	21	1000€	1.8	1.0	1,800
Handbags	102	250€	3.5	2.0	875

A last description of consumers under study is the price usually paid for purchases in six product categories: perfumes, cosmetics, handbags, wallets, luggage, jewelry, and watches. Mean(median) values are 72€(65€), 78€(50€), 351€(200€), 144€(100€), 355€(200€), 1128€(300€) and 1589€(500€), respectively.

Bases for identifying segments of luxury goods consumers are subscale scores for the 10 motivations identified in Table 3.1. However, analyses reported in Chapter 2 indicate that studied consumers did not distinguish between self-esteem and materialism as separate motivations to purchase and consume luxury goods. The result was a combined subscale of four items—two for self-esteem and two for materialism. Thus, all cluster analyses reported

in Chapter 3 used nine motivation subscales as identified in Table 3.4 below. Correlations between the nine subscales appear in Table 3.5.

As summary of the two Tables, distributions of the clustering variables show considerable variance and no serious departures from normality. Correlations between the clustering variables are all positive, with an average of 0.32 and a range from 0.03 to 0.71. The determinant of the correlation matrix is 0.05, indicating no concerns for multicollinearity among clustering variables. Measurement properties of the clustering variables can be found in Table 2.8.

Table 3.4. Summary Statistics for Clustering Variables* (*n* = 168)

Motivation Subscale	Mean	Median	Standard Deviation	Minimum	Maximum	Skewness	Kurtosis
Uniqueness	5.95	6.00	2.27	2	10	-0.43	-0.89
Conformity	3.99	4.00	1.86	2	10	0.87	0.49
Self Esteem/ Materialism	9.75	10.00	3.72	4	20	0.32	-0.30
Hedonism	6.57	7.00	1.88	2	10	-0.41	-0.05
Utilitarianism	3.43		1.05	1	5	-0.48	-0.10
Legacy	7.48	8.00	2.22	2	10	-0.63	-0.58
Investment	6.48	7.00	2.23	2	10	-0.19	-0.58
Habit	3.20	3.00	1.24	1	5	-0.40	-0.77
Variety Seeking	5.90	6.00	2.11	2	10	-0.30	-0.73

* Measurement properties of the clustering variables can be found in Table 2.8.

Table 3.5 Correlations of Clustering Variables* (*n* = 168)

Motivation Subscale	Unique	Conf	Self/Mat	Hedon	Util	Legacy	Invest	Habit	Variety
Uniqueness	1.00								
Conformity	.40	1.00							
Self Esteem/ Materialism	.55	.58	1.00						
Hedonism	.47	.29	.60	1.00					
Utilitarianism	.26	.20	.36	.40	1.00				
Legacy	.26	.03	.32	.31	.29	1.00			
Investment	.48	.19	.38	.30	.21	.41	1.00		
Habit	.15	.11	.25	.09	.22	.11	.10	1.00	
Variety Seeking	.71	.35	.54	.40	.26	.28	.45	.14	1.00

*Correlations greater than 0.13 are significant at $p < .05$, one-tail.

As part of the cluster validation process, segments will be compared in terms of quantities of luxury products purchased or received as gifts in the 12 months preceding data collection and in terms of prices usually paid for luxury goods purchases. Summary statistics for these variables appear in Tables 3.6 and 3.7. Table 3.6 shows substantial variance in consumption in the 10 product categories and distributions that are distinctly non-normal. Table 3.7 shows similar variances in prices usually paid and non-normal distributions again. Because of these non-normal distributions, nonparametric tests of segment differences in consumption will be needed in cluster validation analyses conducted later.

Table 3.6 Summary Statistics for Units Consumed

Product Category	Mean	Median	Standard Deviation	Minimum	Maximum	Skewness	Kurtosis
Champagne	7.12	2	22.71	0	200	6.61	48.07
Perfume	4.53	3	4.45	0	30	2.40	8.38
Scarf/Neck Tie	1.94	1	2.80	0	20	2.98	13.10
Pens/Lighters	0.54	0	1.08	0	8	3.47	17.25
Jewelry/Watch	1.24	1	1.53	0	8	1.66	3.02
Wallets	0.69	0	1.00	0	5	1.89	4.00
Clothing	3.09	2	5.27	0	50	5.51	44.03
Antiques	0.37	0	1.07	0	7	4.16	19.36
Fur Coats	0.26	0	1.78	0	6	4.27	23.27
Handbags	1.81	1	2.51	0	20	4.05	23.85

Table 3.7 Summary Statistics for Prices Usually Paid

Product Category	Mean	Median	Standard Deviation	Minimum	Maximum	Skewness	Kurtosis
Perfumes	72.17	65	30.49	20	200	1.22	3.47
Cosmetics	76.73	50	75.76	5	600	3.35	17.30
Bags	387.30	250	416.66	20	2000	1.61	2.50
Wallets	147.28	100	147.58	10	1000	2.31	8.53
Suitcases	368.70	200	456.91	30	2500	2.44	6.56
Jewelry	1074.84	300	1751.94	10	10000	2.99	10.58
Watches	1558.62	500	2031.52	30	10000	1.74	3.12

3.6.2 Cluster Solutions from Ward's Method. "Cluster analysis" describes a family of statistical methods used to classify or group objects whose class memberships usually are unknown at the outset. Cluster analysis is more an art than a science, based on ad hoc algorithms rather than on statistical theory and probabilistic statistics.

A large number of algorithms are available with the result that more than one "best" solution almost always can be found (Singh 1990). The most frequently used algorithms partition or group objects based on observed inter-object distances in *p*-dimensional space, where *p* is the number of clustering variables. Inter-object distances can be defined in different ways (e.g., Euclidean, squared Euclidean, city block, Pearson correlation) and expressed in standardized or standardized forms. Because of this indeterminacy, it is important to examine validity and stability of alternate cluster solution after assigning final cluster membership to the objects under study (Punj and Stewart 1983).

In this thesis, Ward's method was used to estimate the initial number of clusters and to obtain cluster centroids to be used later as "seeds" in non-hierarchical, *k*-means clustering. Ward's method was chosen based on recommendations by several researchers (Punj and Stewart 1983; Singh 1990) and from results of four other hierarchical clustering procedures used initially to explore the data. The four procedures are between groups linkage, within groups linkage, complete linkage, and centroid method clustering. Results for the seven-cluster solution illustrate deficiencies of three of the latter four procedures. The between groups linkage procedure placed 110 respondents into one cluster and the remaining 58 into six small clusters (four clusters of size 5 or smaller). Similarly, the complete linkage and centroid methods produced one or two very large clusters and between three and five small clusters, respectively (clusters of size 6 or smaller).

Numerous small clusters that represent, say, less than five percent of a population, are problematic. They may represent an artifact of the clustering algorithm, statistical outliers peculiar to a specific data collection, a naturally occurring group, or some combination of these three conditions. However, even a naturally occurring small group or cluster is likely to be of little interest to marketing decision makers in developing and evaluating marketing strategies. Equally problematic are large clusters in that they often contain diverse consumers linked together because of a "chaining" process based on one or a few respondents located at cluster boundaries. Only the within groups linkage and Ward's methods produced segments of meaningful sizes, ranging from 9 to 64 consumers in the first case and from 15 to 37 consumers in the second.

Analysis proceeded using Ward`s method. Ward's method (sometimes called the minimum-squared-error method or minimum variance method) minimizes the average squared distance between each point and its assigned cluster centroid at each stage of hierarchical clustering (Jackson 1983). Results of Ward's method found three respondents forming a cluster very early in the procedure that joined all other respondents very late in the procedure, indicating that these respondents might be outliers. Examination of data values for these respondents (126, 184, and 202) found their responses at either the maximum or minimum values possible for all nine clustering variables. Consequently, these respondents were removed from further analysis. Thirty-five additional respondents also were removed based on substantial missing data for the clustering variables. To impute mean values for these respondents would result in a cluster solution where one cluster would consist solely of respondents having missing data. Thus, the final sample for cluster analysis contained 168 respondents, implying that the possible upper limit in the final cluster solution would be 168 clusters of size one and the possible lower limit would be one cluster of size 168.

The number of clusters in any final solution is subjective, based on study objectives, cluster sizes, and differences between final clusters on clustering and validation variables. An often used starting point in choosing the number of clusters in a final solution is to examine values of the agglomeration coefficient in hierarchical cluster analysis for a set of relevant cluster solutions. Table 3.8 shows values of the agglomeration coefficient for cluster solutions ranging from one to 15 clusters. In Ward's method, these coefficients are within-cluster sum of squares or error sum of squares, in an ANOVA sense.

At very early stages in Ward's method of clustering, values of the agglomeration coefficient will be zero, indicating that identical twins in the sample are being placed into a cluster. As more diverse objects are added to initial clusters, values of the agglomeration coefficient increase until a final, single cluster is formed. Values of the coefficient can be interpreted only in a relative fashion within a particular analysis, comparing changes in values against changes in the number of clusters.

In this thesis, interest centered on changes in the agglomeration coefficient for the four- to seven-cluster solutions. The eight- and all higher-cluster solutions contained several small clusters representing less than five to 10 percent of the sample of respondents. These clusters (smaller than size 15) quite possibly reflect sample specific characteristics and, even if valid, are too small to yield much insight into the market. Table 3.8 shows the agglomeration coefficient or error sum of squares increases by approximately 178 units when going from an eight- to a seven-cluster solution; 240 units when going from a seven- to a six-cluster solution; 273 units when going from a six- to a five-cluster solution; and 329 units when going from a five- to a four-cluster solution. These values indicate the superiority of the 8-cluster solution (or any higher cluster solution), the inferiority of the four-cluster solution,

and little difference between the seven-, six-, and five-cluster solutions. Cluster sizes for Ward's method for the range of 10- to four-cluster solutions can be found in Table 3.9.

Table 3.8 Number of Clusters and Agglomeration Coefficients for Ward's Method Clustering

Number of clusters	Agglomeration Coefficient (ESS)
1	7030.785
2	4957.265
3	4016.937
4	3662.110
5	3333.070
6	3060.053
7	2820.168
8	2642.835
9	2526.123
10	2414.485
11	2317.013
12	2220.346
13	2144.191
14	2073.089
15	2006.012

Table 3.9 Distributions of Respondents for Several Cluster Solutions from Ward's Method

	10 Clusters		9 Clusters		8 Clusters		7 Clusters		6 Clusters		5 Clusters		4 Clusters	
Cluster	**Size**	**Percent**	**Size**	**Percent**	**Size**	**Percent**	**Size**	**Percent**	**Size**	**Percent**	**Size**	**Percent**	**Size**	**Percent**
1	18	10.7	18	10.7	18	10.7	18	10.7	18	10.7	55	32.7	73	43.5
2	27	16.1	27	16.1	27	16.1	27	16.1	27	16.1	27	16.1	27	16.1
3	16	9.5	16	9.5	24	14.3	24	14.3	39	23.2	39	23.2	39	23.2
4	37	22.0	37	22.0	37	22.0	37	22.0	37	22.0	18	10.7	29	17.3
5	6	3.6	18	10.7	18	10.7	18	10.7	18	10.7	29			
6	12	7.1	15	7.1	15	7.1	15	7.1	29					
7	15	8.9	26	15.5	26	15.5	29							
8	26	15.5	8	4.8	3	1.8								
9	8	4.8	3	1.8										
10	3	1.8												
Total	168	100.0	168	100.0	168	100.0	168	100.0	168	100.0	168	100.0	168	100.0

Inspecting cluster sizes for the 10- and 9-cluster solutions in Table 3.9 finds too many small clusters, while the four-cluster solution seems too aggregated and perhaps misses one or two smaller segments important in understanding the market. Cluster sizes (and identities of cluster members) in the eight-cluster solution are identical to the seven-cluster solution but for three respondents forming cluster eight. Based on this discussion, three solutions from Ward's method were examined further for cluster means to be used as seeds in *k*-means clustering. Mean values for the three solutions follow in Table 3.10.

Table 3.10 Cluster Sizes and Variable Means from Ward's Method

Seven-Cluster Solution

Cluster (*n*)	Unique	Conf	Self-Esteem /Material	Hedon	Util	Legacy	Invest	Habit	Variety
1(18)	4.4	3.1	9.3	7.7	3.6	8.8	6.8	3.2	4.1
2(27)	5.9	5.1	11.3	6.5	3.2	5.7	5.4	3.1	5.7
3(24)	3.1	2.7	5.5	4.7	3.3	7.9	6.0	2.9	3.6
4(37)	7.4	3.6	10.4	6.9	3.5	8.9	7.8	3.3	7.4
5(18)	7.4	3.1	6.5	6.8	3.7	6.2	5.8	3.2	7.0
6(15)	3.0	2.9	5.4	4.0	1.8	3.6	3.8	2.4	3.6
7(29)	7.7	5.9	15.3	8.0	3.9	8.7	7.6	3.5	7.5
Total(168)	5.9	3.9	9.7	6.5	3.4	7.4	6.4	3.1	5.8

Six-Cluster Solution

Cluster (*n*)	Unique	Conf	Self-Esteem /Material	Hedon	Util	Legacy	Invest	Habit	Variety
1(18)	4.4	3.1	9.3	7.7	3.6	8.8	6.8	3.2	4.1
2(27)	5.9	5.1	11.3	6.5	3.2	5.7	5.4	3.1	5.7
3(39)	3.1	2.8	5.5	4.4	2.7	6.3	5.1	2.7	3.6
4(37)	7.4	3.6	10.4	6.9	3.5	8.9	7.8	3.3	7.4
5(18)	7.4	3.1	6.5	6.8	3.7	6.2	5.8	3.2	7.0
6(29)	7.7	5.9	15.3	8.0	3.9	8.7	7.6	3.5	7.5
Total(168)	5.9	3.9	9.7	6.5	3.4	7.4	6.4	3.1	5.8

Five-Cluster Solution

Cluster (*n*)	Unique	Conf	Self-Esteem /Material	Hedon	Util	Legacy	Invest	Habit	Variety
1(55)	6.4	3.4	10.0	7.2	3.5	8.9	7.5	3.3	6.3
2(27)	5.9	5.1	11.3	6.5	3.2	5.7	5.4	3.1	5.7
3(39)	3.1	2.8	5.5	4.4	2.7	6.3	5.1	2.7	3.6
4(18)	7.4	3.1	6.5	6.8	3.7	6.2	5.8	3.2	7.0
5(29)	7.7	5.9	15.3	8.0	3.9	8.7	7.6	3.5	7.5

Total(168)	5.9	3.9	9.7	6.5	3.4	7.4	6.4	3.1	5.8

3.6.3 *K*-means Clustering with Seeds from Ward's Method. The next step was to use a non-hierarchical technique, taking as initial seeds the cluster centroids from Ward's method in Table 3.10. Results of three *k*-means clustering solutions follow in Table 3.11. Results are quite similar to those for the Ward's method solutions. At issue now is selection of a final solution among the three.

Table 3.11 Cluster Variable Means for Three *k*-Means Cluster Solutions
Seven-Cluster Solution

Cluster (*n*)	Unique	Conf	Self-Esteem /Material	Hedon	Util	Legacy	Invest	Habit	Variety
1(20)	4.4	2.8	9.3	7.8	3.6	8.8	6.8	3.2	4.1
2(28)	5.9	5.0	11.5	6.5	3.4	5.7	5.4	3.2	5.4
3(20)	3.2	2.9	5.1	4.7	3.2	8.2	6.0	2.5	3.5
4(41)	7.4	3.9	10.5	6.9	3.5	8.8	7.9	3.3	7.3
5(18)	7.2	3.2	6.3	6.7	3.7	6.2	5.6	3.2	7.0
6(16)	2.9	2.8	5.4	3.8	2.0	3.6	3.8	2.8	3.4
7(25)	8.0	6.1	15.6	8.2	3.9	8.8	7.7	3.6	7.9
Total(168)	5.9	3.9	9.7	6.5	3.4	7.4	6.4	3.1	5.8

Six-Cluster Solution

Cluster (*n*)	Unique	Conf	Self-Esteem /Material	Hedon	Util	Legacy	Invest	Habit	Variety
1(23)	4.0	2.7	7.9	7.2	3.3	8.8	6.7	3.0	4.2
2(29)	5.9	4.9	11.6	6.6	3.4	5.8	5.4	3.3	5.3
3(30)	2.9	2.9	5.2	4.0	2.7	5.7	4.6	2.6	3.3
4(43)	7.3	3.8	10.5	6.9	3.5	8.7	7.9	3.3	7.2
5(18)	7.2	3.1	6.3	6.7	3.7	6.2	5.6	3.2	7.0
6(25)	7.9	6.1	15.6	8.2	3.9	8.8	7.7	3.6	7.9
Total(168)	5.9	3.9	9.7	6.5	3.4	7.4	6.4	3.1	5.8

Five-Cluster Solution

Cluster (*n*)	Unique	Conf	Self-Esteem /Material	Hedon	Util	Legacy	Invest	Habit	Variety
1(51)	6.7	3.5	10.0	7.1	3.5	8.9	7.7	3.3	6.5
2(30)	5.9	4.9	11.6	6.5	3.4	5.8	5.5	3.3	5.4
3(41)	3.0	2.7	5.6	4.7	2.7	6.4	5.1	2.7	3.5
4(18)	7.2	3.1	6.3	6.7	3.7	6.2	5.6	3.2	7.0
5(28)	7.9	6.0	15.3	8.0	3.9	8.8	7.7	3.4	8.0
Total(168)	5.9	3.9	9.7	6.5	3.4	7.4	6.4	3.1	5.8

All three solutions identify a segment having uniformly high values on the clustering variables (the last cluster in each solution) and a segment having uniformly low values (clusters 3 or 6 in the 7-cluster solution, cluster 3 in the 6- and 5-cluster solution). Thus, differences between solutions will be found in details such as distinguishing between segments that have both a legacy and investment motivation, segments that have either a legacy or an investment motivation, or between segments that have high and low conformity motivations or a high and low variety seeking motivations, for example.

To aid in choosing among the three solutions, it is informative to look at eta values that describe relationships between cluster membership and the nine motivation scales used as clustering variables. Eta values for each motivation scale are simply the square root of the sum of squares between cluster groups divided by the total sum of squares. Large eta values are preferred to small eta values because they better explain cluster group differences. Values in Table 3.12 show the seven-cluster solution to be generally superior and the five-cluster solution generally inferior. Reductions in eta values going from the seven-cluster solution to the five-cluster solution are biggest for hedonism, legacy, and variety seeking. Eta values indicate that the habit motivation is by far the weakest clustering variable in showing differences between clustered groups.

Table 3.12 Eta Values for Three *k*-Means Cluster Solutions

Motivation Subscale	**7 Cluster Solution**	**6 Cluster Solution**	**5 Cluster Solution**
Uniqueness	.66	.68	.61
Conformity	.40	.39	.39
Self-Esteem/ Materialism	.82	.82	.81
Hedonism	.49	.48	.37
Utilitarianism	.22	.13	.16
Legacy	.62	.44	.38
Investment	.41	.40	.35
Habit	.06	.06	.04
Variety Seeking	.66	.63	.54
Average	.48	.45	.41

Attention now focused on the six- and five-cluster solutions, given that reductions in eta from the seven- to the six-cluster solution are small but for the utilitarianism and legacy motivations. Eta values for the six-cluster solution are generally higher than those for the five-cluster solutions.

Similarities between the six- and five-cluster solutions include (using data in Table 3.11):

- Segment five in the five-cluster solution (28 people) is quite similar to segment six in the six-cluster solution (25 people). Thus, approximate size of the "high motivation" segment would seem to be about 15 percent of luxury goods consumers.
- Segment three in the five-cluster solution (41 people) is quite similar to segment three in the six-cluster solution (30 people). Thus, approximate size of the "low motivation" segment would be about 20 percent of luxury goods consumers.
- Segment two in the five-cluster solution (30 people) is almost identical to segment two in the six-cluster solution (29 people), with only one consumer as the difference.
- Segment four in the five-cluster solution (18 people) is identical to segment five in the six-cluster solution (18 people).
- Segment one in the five-cluster solution (31 people) is quite similar to segment four in the six-cluster solution (43 people).

The essential difference between the six-and five-cluster solutions is the emergence of segment one (23 consumers) in the six-cluster solution. Inspection of motivation subscale means in Table 3.11 shows segment one differs from other segments in the six-cluster solution, especially on motivations of uniqueness, self-esteem/materialism, hedonism, investment, and variety. Subscale means in the six-cluster solution indicate that consumers in segment one are distinct from other segments, motivated by hedonism and legacy and not by uniqueness, conformity, self-esteem/materialism, or variety seeking. Segment one represents about 14 percent of luxury goods consumers. While these results favor the six-cluster solution, the process to select a final cluster solution continues now with investigation of cluster validity.

3.7 Investigation of Cluster Validity

Validity of cluster analysis results is an essential issue, with many ways to examine and corroborate derived segments. In general, these ways are described as investigations into the internal and external validity of cluster solutions. Investigations of internal validity examine similarity within clusters and separation between clusters in terms of the clustering variables and often include other analyses of these variables. Investigations of external validity examine usefulness of derived segments with respect to relevant variables not used in producing cluster solutions. In following analyses, investigation of internal and external validity is limited to the six- and five-cluster solutions with the aim of selecting one solution over another.

3.7.1 Internal Validation

Internal validation examines the question, "Are cluster results reasonable, without reference to other data?" A first answer to this question used exploratory factor analysis to investigate factor structure of the nine clustering variables. A strong factor analysis solution would indicate that clustering variables are appropriate descriptors of derived segments and suitable for identifying consumer segments.

Principal axes factoring with Promax rotation produced the factor loading matrices in Table 3.13. As discussion, the five-factor solution fits observed data well, explaining 82 percent of common variance. Factor one is a uniqueness/variety seeking factor, with a secondary loading from investment. Factor two is a conformity/self-esteem/materialism factor. Factor three is a hedonism factor, with a secondary loading from utilitarianism. Factor four is a legacy/investment factor and five is primarily habit, a residual factor (and, as was seen

earlier, not useful in distinguishing among derived segments from Ward's method clustering). Correlations among the five factors are all positive and range from 0.26 to 0.65.

The six-factor solution fits slightly better, explaining 88 percent of common variance. Factors one and three are almost identical to those in the five-factor solution. However, several factors show movement toward becoming unique factors based on their motivation subscale content. Specifically, factor two now is primarily a conformity factor and factor four mostly represents hedonism. Factor five emerges as a utilitarianism factor and six as habit, again a residual factor. The factor correlation between factors two and five is negative at -0.18 and the rest are positive, ranging from 0.00 to 0.73.

Table 3.13 Pattern Matrix of Factor Loadings for the Six- and Five-Factor Solutions*

Motivation	**Five-Factor Solution**					**Six-Factor Solution**					
Subscale	**F1**	**F2**	**F3**	**F4**	**F5**	**F1**	**F2**	**F3**	**F4**	**F5**	**F6**
Uniqueness	.92					.92					
Conformity		.67					.97				
Self Esteem/ Materialism		.88					.44		.38		
Hedonism			.84						.94		
Utilitarianism			.40		.27					.51	
Legacy				.78				.77			
Investment	.38			.46		.33		.54			
Habit					.56						.70
Variety Seeking	.68					.65					

*Loadings smaller than 0.25 are not shown for ease of interpretation.

A second answer to the internal validation question is based on distances of respondents to their designated cluster centroids. These distances are summarized in Table 3.14 for several *k*-means cluster solutions. Distances are inversely related to the number of clusters and indicate no substantive differences between the six- and five-cluster solutions.

Table 3.14 Summary of Respondent Distances* to Designated Classification Centroids

Cluster Solution	Minimum	Maximum	Mean	Standard Deviation
20 clusters	0.00	5.21	3.07	0.92
15 clusters	0.88	5.83	3.31	1.04
10 clusters	0.88	6.78	3.56	1.14
9 clusters	0.88	6.64	3.62	1.14
8 clusters	1.68	6.75	3.77	1.18
7 clusters	0.88	7.75	3.86	1.28
6 clusters	1.62	7.32	3.97	1.28
5 clusters	1.62	7.39	4.15	1.33
4 clusters	1.56	8.23	4.35	1.43
3 clusters	1.94	9.30	4.62	1.36
2 clusters	1.72	11.17	4.99	1.64

*Squared Euclidean distances.

The next step in deciding between the six- and five-cluster solutions is external validation. External validation investigations are analyses to learn if a chosen cluster solution truly represents the population under study rather than simply the result of a clustering algorithm.

3.7.2 External Validation

The purpose of external validation is to show or demonstrate that derived clusters are useful in some larger sense beyond showing differences on the clustering variables themselves (Punj and Stewart 1986). That is, clusters of objects produced by almost any clustering algorithm almost always will show similarities within clusters and separations between clusters on the clustering variables. Thus, the issue in external validation of cluster solutions is "Are derived clusters different on other variables relevant to the research topic?" In this thesis, other relevant variables include reported purchases of luxury goods and reported prices that consumers usually paid in several luxury product categories.

Analysis for external validity began with examinations of relationships between clustering variables and three groupings of consumers found naturally in the population of interest. These groupings consisted of non-buyers, buyers, and heavy users in 10 luxury product

categories: champagne, perfumes, scarves/neckties, pens, jewelry, wallets, clothing, antiques, fur coats, and handbags. Frequencies of consumers in each of the three groups are shown in Table 3.15, with only one of the 146 consumers in this analysis being a non-buyer in all 10 product categories. Heavy users were identified as consumers in the top 25 percent of all buyers in each product category in terms of units purchased, with the goal of having a minimum group size of 20.

Of the 62 heavy users identified in total, 25 were specific to a single product category, 15 were in two product categories, 7 were in three product categories, 6 in four product categories, 5 in five categories, 1 in six, 2 in seven categories, and one consumer was a heavy user in all 10 product categories. Heavy users accounted for a disproportionate share of units consumed in each category, ranging from 30 percent (wallets) to 75 percent (champagne), and averaging 43 percent across all product categories. The number of heavy users is quite small in the wallets, antiques, and fur coats categories.

Table 3.15 Non-Buyers, Buyers, and Heavy Users by Luxury Product Category

Product Category	Number (percents) of Luxury Goods Consumers		
	Non-Buyers	Buyers	Heavy Users*
Champagne	30 (20.6)	116 (79.4)	20 (17.2)
Perfumes	9 (5.5)	138 (94.5)	21 (15.2)
Scarves/Neckties	63 (43.4)	82 (56.6)	23 (28.0)
Pens	99 (68.3)	46 (31.7)	17 (37.0)
Jewelry	60 (41.4)	85 (58.6)	14 (16.4)
Wallets	79 (54.5)	66 (45.5)	9 (13.6)
Clothing	43 (29.7)	102 (70.3)	20 (19.6)
Antiques	116 (80.6)	28 (19.4)	4 (14.3)
Fur Coats	122 (85.3)	21 (14.7)	4 (19.0)
Handbags	42 (29.2)	102 (70.8)	22 (21.8)

*Percentages are based on the number of buyers in the respective product category.

Analyses examined relationships between clustering variables and the three consumer groupings. A first analysis compared non-buyers with buyers and a second compared non-buyers with heavy users. Analysis results for eight of the 10 luxury product categories are

reported in Table 3.16 (results are not reported for antiques and fur coats because of the small numbers of buyers and heavy users).

Table 3.16 Motivation Subscale Means by Luxury Buyer Groups in Eight Product Categories

Champagne

Motivation Subscale	Non-Buyers	Buyers	Heavy Users	*t(p)**	eta*	*t(p)***	eta**
Uniqueness	5.7	6.2	6.5	1.02(.15)	0.08	1.23(.11)	0.18
Conformity	4.2	4.0	4.3	-0.45(.67)	-0.04	0.27(.39)	0.04
Self Esteem/ Materialism	9.6	10.0	11.2	0.47(.32)	0.04	1.60(.06)	0.23
Hedonism	6.3	6.7	7.8	1.06(.14)	0.09	3.10(.00)	0.41
Utilitarianism	3.1	3.5	3.6	1.77(.39)	0.15	1.46(.07)	0.21
Legacy	7.2	7.6	9.3	0.80(.21)	0.07	3.79(.00)	0.49
Investment	6.4	6.5	7.1	0.15(.44)	0.01	1.43(.08)	0.20
Habit	2.8	3.2	3.4	1.56(.06)	0.13	1.54(.06)	0.22
Variety Seeking	5.8	6.1	6.6	0.91(.18)	0.08	1.38(.09)	0.20

*Non-buyer vs. buyers, one-tail *p*. **Non-buyers vs. heavy users, one-tail *p*.

Perfumes

Motivation Subscale	Non-Buyers	Buyers	Heavy Users	*t(p)**	eta*	*t (p)***	Eta**
Uniqueness	4.6	6.2	6.4	2.08(.02)	0.19	2.01(.03)	0.36
Conformity	3.6	3.9	3.9	0.59(.28)	0.05	0.52(.30)	0.10
Self Esteem/ Materialism	7.2	10.1	10.4	2.31(.01)	0.20	2.22(.02)	0.39
Hedonism	5.3	6.7	6.5	2.09(.02)	0.19	1.71(.05)	0.31
Utilitarianism	2.5	3.5	3.5	2.72(.00)	0.24	1.95(.03)	0.35
Legacy	6.8	7.7	8.0	1.24(.11)	0.11	1.37(.09)	0.25
Investment	5.0	6.6	7.2	2.27(.01)	0.20	2.59(.01)	0.45
Habit	1.8	3.3	3.9	3.78(.00)	0.32	6.21(.00)	0.77
Variety Seeking	4.9	6.2	6.4	1.75(.04)	0.16	1.80(.04)	0.33

*Non-buyer vs. buyers, one-tail *p*. **Non-buyers vs. heavy users, one-tail *p*.

Scarves/Neckties

Motivation Subscale	Non-Buyers	Buyers	Heavy Users	*t(p)**	eta*	*t (p)***	eta**
Uniqueness	5.9	6.2	6.5	0.97(.17)	0.08	1.20(.12)	0.13
Conformity	3.9	4.2	4.1	0.69(.25)	0.06	0.38(.35)	0.04
Self Esteem/ Materialism	9.3	10.3	10.5	1.70(.04)	0.14	1.38(.09)	0.15
Hedonism	6.4	6.7	6.7	0.93(.18)	0.08	0.67(.25)	0.07
Utilitarianism	3.3	3.5	3.8	0.91(.18)	0.08	1.88(.32)	0.20
Legacy	7.3	7.6	8.3	0.88(.19)	0.07	1.93(.28)	0.21
Investment	6.4	6.5	6.7	0.15(.44)	0.01	0.63(.26)	0.07

Habit	2.9	3.3	4.0	2.09(.02)	0.18	3.70(.00)	0.38
Variety Seeking	5.9	6.2	6.3	1.00(.16)	0.09	0.74(.23)	0.08

*Non-buyer vs. buyers, one-tail *p*. **Non-buyers vs. heavy users, one-tail *p*.

Pens

Motivation Subscale	**Non-Buyers**	**Buyers**	**Heavy Users**	***t(p)****	**eta***	***t(p)****	**eta****
Uniqueness	6.0	6.4	7.1	1.13(.13)	0.09	1.90(.03)	0.18
Conformity	4.0	4.3	4.9	0.86(.20)	0.07	2.00(.02)	0.18
Self Esteem/ Materialism	9.8	10.0	11.5	0.21(.42)	0.02	1.78(.04)	0.16
Hedonism	6.6	6.5	6.8	-0.50(.69)	-0.04	0.29(.38)	0.03
Utilitarianism	3.5	3.3	3.4	-0.71(.76)	-0.06	-0.23(.59)	-0.02
Legacy	7.3	7.9	8.3	1.44(.07)	0.12	1.83(.03)	0.17
Investment	6.2	6.9	7.8	2.02(.02)	0.17	3.12(.00)	0.28
Habit	3.2	3.1	3.5	-0.66(.75)	-0.05	0.90(.18)	0.08
Variety Seeking	6.0	6.2	6.8	0.63(.26)	0.05	1.53(.06)	0.14

*Non-buyer vs. buyers, one-tail *p*. **Non-buyers vs. heavy users, one-tail *p*.

Jewelry

Motivation Subscale	**Non-Buyers**	**Buyers**	**Heavy Users**	***t(p)****	**eta***	***t(p)****	**eta****
Uniqueness	5.9	6.3	7.7	1.08(.14)	0.09	3.37(.00)	0.36
Conformity	4.1	4.0	4.6	-0.11(.55)	-0.01	0.98(.16)	0.11
Self Esteem/ Materialism	9.2	10.4	12.4	1.88(.03)	0.15	3.40(.00)	0.36
Hedonism	6.6	6.5	7.4	-0.25(.60)	-0.02	1.72(.04)	0.19
Utilitarianism	3.4	3.5	3.7	0.63(.26)	0.05	1.17(.12)	0.13
Legacy	6.7	8.1	8.8	3.83(.00)	0.30	3.89(.00)	0.40
Investment	6.1	6.7	7.9	1.84(.03)	0.15	3.42(.00)	0.36
Habit	3.1	3.2	3.5	0.80(.21)	0.07	1.38(.08)	0.15
Variety Seeking	6.0	6.2	7.5	0.57(.28)	0.05	3.07(.00)	0.33

*Non-buyer vs. buyers, one-tail *p*. **Non-buyers vs. heavy users, one-tail *p*.

Wallets

Motivation Subscale	**Non-Buyers**	**Buyers**	**Heavy Users**	***t(p)****	**eta***	***t(p)****	**eta****
Uniqueness	5.9	6.4	7.7	1.32(.09)	0.11	2.20(.01)	0.23
Conformity	3.8	4.3	5.6	1.58(.06)	0.13	2.82(.00)	0.29
Self Esteem/ Materialism	9.3	10.5	13.4	1.98(.02)	0.16	2.95(.00)	0.30
Hedonism	6.4	6.8	7.6	1.51(.07)	0.13	1.84(.03)	0.20
Utilitarianism	3.4	3.5	3.9	0.44(.33)	0.04	1.16(.12)	0.12
Legacy	7.1	7.9	8.9	2.15(.02)	0.18	2.09(.02)	0.22
Investment	6.2	6.7	8.0	1.29(.10)	0.11	2.42(.00)	0.25
Habit	3.0	3.4	3.9	1.76(.04)	0.15	1.89(.03)	0.20
Variety Seeking	5.7	6.5	7.9	2.36(.01)	0.19	2.92(.00)	0.30

*Non-buyer vs. buyers, one-tail *p*. **Non-buyers vs. heavy users, one-tail *p*.

Clothing

Motivation Subscale	Non-Buyers	Buyers	Heavy Users	*t(p)**	eta*	*t(p)***	eta**
Uniqueness	5.5	6.4	7.1	2.32(.01)	0.19	2.48(.00)	0.30
Conformity	3.6	4.2	4.6	1.90(.03)	0.16	1.79(.04)	0.23
Self Esteem/ Materialism	8.9	10.3	11.6	2.07(.02)	0.17	2.54(.00)	0.31
Hedonism	6.3	6.7	7.4	1.29(.10)	0.11	2.13(.02)	0.26
Utilitarianism	3.2	3.5	4.0	1.81(.04)	0.15	2.70(.00)	0.33
Legacy	6.8	7.8	8.7	2.35(.01)	0.19	3.06(.00)	0.37
Investment	6.2	6.5	7.0	0.93(.18)	0.08	1.57(.06)	0.20
Habit	2.9	3.3	3.8	1.63(.05)	0.13	2.63(.00)	0.32
Variety Seeking	5.7	6.2	6.8	1.48(.07)	0.12	1.81(.03)	0.23

*Non-buyer vs. buyers, one-tail *p*. **Non-buyers vs. heavy users, one-tail *p*.

Handbags

Motivation Subscale	Non-Buyers	Buyers	Heavy Users	*t(p)**	eta*	*t(p)***	eta**
Uniqueness	5.4	6.4	7.0	2.44(.01)	0.20	2.74(.00)	0.33
Conformity	3.8	4.2	3.8	1.08(.14)	0.09	0.10(.46)	0.01
Self Esteem/ Materialism	8.8	10.3	10.6	2.33(.01)	0.19	1.87(.03)	0.23
Hedonism	6.3	6.7	7.3	1.25(.11)	0.10	1.93(.03)	0.24
Utilitarianism	3.2	3.5	3.8	1.82(.03)	0.15	2.16(.02)	0.29
Legacy	6.6	7.8	8.4	2.93(.00)	0.24	2.93(.00)	0.35
Investment	6.0	6.6	7.1	1.76(.04)	0.15	2.16(.02)	0.27
Habit	2.9	3.3	3.1	1.62(.05)	0.13	0.67(.25)	0.09
Variety Seeking	5.5	6.3	6.6	2.32(.01)	0.20	2.12(.02)	0.26

*Non-buyer vs. buyers, one-tail *p*. **Non-buyers vs. heavy users, one-tail *p*.

In general, Table 3.16 supports external validity of the clustering variables, with means for clustering variables in most product categories progressing from low to medium to high values across the three consumer groupings. Significant results ($p < .05$) are found in 30 of 80 (37.5 percent) tests between non-buyers and buyers, and in 44 of 80 (55.0 percent) tests between non-buyers and heavy users. Eta values for significant results for tests between non-buyers and buyers average 0.18. Eta values for significant results for tests between non-buyers and heavy users average 0.31. The self-esteem/materialism scale was significant in 12 of its 16 tests, legacy in 10, uniqueness in 9, investment in 9, habit in 9, variety seeking in 8,

hedonism in 7, utilitarianism in 6, and conformity in 4. These results can be described in four ways.

First, the total number of significant results can be compared to the number expected by chance at the 0.05 level. The chance expectation is (.05)(80) or four tests significant in the set of 80. Also, the number of significant results for individual motivations can be compared to 0.8, the expected number of significant results due to chance in 16 tests. Based on these expectations, the totals of 30 and 44 significant results in Table 3.16 are far greater than that expected by chance. The number of significant results for individual motivations ranges from four to 12, again far greater than the chance expectation.

Second, eta values in the Table can be compared Cohen's (1988) widely used standards for "small," "medium," and "large" effects at values of 0.10, 0.24, and 0.37, respectively. For tests between non-buyers and buyers, the distribution of effect sizes reported in the Table finds about 35 percent in the negligible to small category, 60 percent in the small to medium category, and 5 percent in the medium to large category. For tests between non-buyers and heavy users, the distribution of effect sizes finds only about 20 percent in the negligible to small category, 45 percent in the small to medium category, and 35 percent in the medium to large category.

Third, eta values in Table 3.16 can be compared to the average effect size eta, 0.23, noted in a meta-analysis of 1,036 effects reported in 118 consumer behavior experiments (Peterson, Albaum, and Beltramini 1985). Average eta values in Table 3.16 are 0.13 and 0.22, for comparisons between non-buyers and buyers and between non-buyers and heavy users, respectively.

Fourth, eta values can be compared to values from tests on the three groupings of consumers using household income as a dependent variable. Eta values here range from 0.04 to 0.47 and average 0.25 across the 20 tests (significant differences are found in 15 tests). In other words, non-buyer, buyer, and heavy user segments differ as much on their motivations to purchase and consume luxury goods as they do on their household incomes.

In sum, the nine motivation subscales used as clustering variables show considerable explanatory ability with respect to differences in luxury goods consumption. Can the same be said for the six- and five-segment cluster solutions formed on these subscales?

To answer this question, Table 3.17 presents results of Mann Whitney U tests on median quantities of luxury goods consumed by segments three and six in the six-cluster solution and by segments three and five in the five-cluster solution. In both analyses, segment three is distinguished by its low scores on the nine motivation subscales, while segments five and six have high scores. Tests of median differences are needed because of the non-normal distributions of luxury goods consumption for segments being tested.

Table 3.17 Tests of Median Quantities of Luxury Goods Consumed, Low and High Motivation Segments

	Mean Ranks for Five-Cluster Solution				**Mean Ranks for Six-Cluster Solution**			
Product Category	**Segment Three**	**Segment Five**	***Z***	***p* (one-tail)**	**Segment Three**	**Segment Six**	***Z***	***p* (one-tail)**
Champagne	26.6	31.9	1.20	0.12	20.4	26.6	1.58	0.06
Perfumes	26.3	33.5	1.62	0.05	19.8	28.4	2.17	0.02
Scarves/Neckties	26.5	32.0	1.28	0.10	20.6	26.4	1.50	0.07
Pens	28.4	29.7	0.37	0.36	22.1	24.9	0.84	0.20
Jewelry	25.1	33.6	2.02	0.02	19.1	27.9	2.32	0.01
Wallets	25.4	33.3	2.03	0.02	19.8	27.2	2.09	0.02
Clothing	23.7	35.3	2.68	0.00	17.6	29.4	3.04	0.00
Antiques	26.1	32.5	1.95	0.03	20.7	26.3	1.87	0.03
Fur Coats	25.8	32.8	2.13	0.02	20.2	26.8	2.18	0.01
Handbags	24.1	34.8	2.51	0.01	18.6	28.4	2.52	0.01

As summary of results in Table 3.17, segments five and six always have higher median consumption quantities than segment three. Differences are significant for all product categories except for champagne, scarves/neckties, and pens. Results for the six-cluster solution are stronger than those for the five-cluster solution, with average *Z* values of 2.01 and 1.78, respectively. Eta values associated with these average *Z* values are 0.26 and 0.23, respectively.

Table 3.18 presents results of a second examination of segment differences, comparing median prices consumers reported paying for purchases of luxury goods in seven product categories. Again, Mann Whitney U tests are used because of non-normal distributions of the dependent variables and, again, segments five and six are compared to segment three. Except for cosmetics in the six-cluster solution, segments five and six report paying higher median prices for luxury good purchases than segment three. Differences are significant for all product categories but for perfumes, cosmetics, and suitcases. Results for the six- and five-cluster solutions are identical, with average Z values of 1.51 for both solutions and average effect sizes of 0.22.

Table 3.18 Tests of Median Prices Usually Paid, Low and High Motivation Segments

	Mean Ranks for Five-Cluster Solution				**Mean Ranks for Six-Cluster Solution**			
Product Category	**Segment Three**	**Segment Five**	***Z***	***p* (one-tail)**	**Segment Three**	**Segment Six**	***Z***	***p* (one-tail)**
Perfumes	23.4	25.2	0.43	0.34	17.4	20.3	0.82	0.21
Cosmetics	30.4	32.0	0.36	0.36	24.7	24.3	-0.09	0.54
Bags	19.6	26.5	1.74	0.04	14.6	20.7	1.78	0.04
Wallets	23.8	35.7	2.66	0.00	18.4	28.8	2.64	0.00
Suitcases	18.6	23.6	1.30	0.10	14.5	19.4	1.46	0.07
Jewelry	17.1	25.3	2.16	0.01	13.2	19.0	1.76	0.04
Watches	17.7	25.1	1.93	0.03	13.7	20.6	2.04	0.02

External validation activities concluded with two discriminant function analyses, using the nine motivation subscales to predict cluster memberships taken from the six- and five-cluster

solutions. Objectives were to learn how well each segment differs from each other segment based on predictions of cluster membership and to understand component structure of the subscales used in clustering.

In the six-cluster solution, discriminant functions 1, 2, 3, and 4 were each significant at $p < 0.00$. The four functions explained 99.6 percent of between-group variance, distributed across functions as 68.4 percent, 18.5 percent, 10.7 percent, and 2.0 percent, respectively. For the five-cluster solution, functions 1, 2, and 3 were each significant at $p< 0.00$. The three functions explained 99.4 percent of between-group variance, distributed as 72.2 percent, 18.9 percent, and 8.3 percent across functions, respectively. Structure matrices for the two solutions appear in Table 3.19. Function 1 in both structure matrices can be described as a self-esteem/materialism function with contributions from uniqueness and variety seeking. Function 2 in both matrices is a uniqueness and variety seeking function, with the self-esteem/materialism scale correlating negatively with Function 2. Function 3 in both matrices is a legacy and investment function. Function 4 in the six-cluster analysis is primarily a hedonism function.

Table 3.19 Structure Matrices for the Six- and Five-Cluster Discriminant Functions*

Motivation Subscale	**Five-Cluster Structure Coefficients by Function**			**Six-Cluster Structure Coefficients by Function**			
	1	**2**	**3**	**1**	**2**	**3**	**4**
Uniqueness	0.46	0.56	-0.25	0.51	0.42	-0.40	-0.15
Conformity	0.32	-0.19	-0.24	0.27	-0.27	-0.19	0.02
Self Esteem/ Materialism	0.89	-0.27	0.02	0.80	-0.49	0.08	0.20
Hedonism	0.31	0.26	-0.02	0.32	0.17	0.19	0.89
Utilitarianism	0.16	0.18	-0.07	0.14	0.10	-0.04	0.23
Legacy	0.19	0.25	0.74	0.21	0.23	0.62	-0.23
Investment	0.23	0.26	0.51	0.25	0.24	0.38	-0.36
Habit	0.08	0.06	-0.03	0.11	0.02	-0.03	0.07
Variety Seeking	0.40	0.49	-0.10	0.46	0.40	-0.26	-0.29.

*Table entries are pooled within-groups correlations between motivation scales and the standardized discriminant functions.

Using either of the two functions to predict cluster membership produces quite accurate predictions. Accuracies for cross-validated classifications (prior group membership probabilities based on known group sizes) for the six- and five-cluster functions are 94.6 and 92.8 percent, respectively. Cross-validated classifications use classification functions derived from all respondents but the respondent whose group is being predicted and, thus, represent a conservative estimate of predictive ability.

As summary and conclusion of segmentation analyses, the nine motivation subscale variables used in cluster analyses produced a variety of solutions depending on clustering method and number of clusters. Subscale variables exhibit acceptable to good measurement properties (Chapter Two), possess a sound factor structure, and distinguish between luxury goods user groups. Internal validation of the six- and the five-cluster *k*-means solutions finds the six-cluster solution slightly better in terms of distances from clustered consumers to the cluster centroid. External validation analyses favor the six-cluster solution in terms of median consumption quantities of luxury goods consumed but show results equivalent to those for the five-cluster solution in terms of median prices paid. Classification of clustered respondents using discriminant function analyses found better results for the six-cluster solution. Taken together, results of internal and external validation slightly favor the six-cluster solution over the five-cluster solution.

Perhaps the most compelling support for the six-cluster solution comes from inspection of cluster means in Table 3.11. Cluster means show a distinct profile of motivation scale mean values for cluster one when compared to all clusters in the five-cluster solution and to all other clusters in the six-cluster solution. No other cluster in these two solutions is similar to

cluster one, leading to the conclusion that greater understanding of consumer motivations to purchase and consume luxury goods is realized with the six-cluster solution.

3.8 Cluster Profiles and Discussion

Chapter 2 stated two propositions to be examined in Chapter 3:

- Within a specific product category, motivations to purchase and consume luxury goods will vary by luxury good consumers. Meaningful segments of luxury goods consumers can be identified based on these motivations.

- Understudied motivations (materialism, legacy, investment, habit, variety seeking) to purchase and consume luxury goods will explain consumer behavior and behavioral intentions as well as established motivations (uniqueness, conformity, self-esteem, hedonism, and utilitarianism).

Results in Chapter 3 strongly support the first proposition with identification of six consumer segments.

Segments three and six are perhaps the easiest to understand. Segment three shows low motivation scores on all subscales and for this reason members of the segment might be termed "Disengageds." Segment six is completely the opposite, having high motivation scores on all subscales and its members might be called "Engaged Extremes." Segment four is similar to segment six, with high motivation subscale scores on uniqueness, self-esteem/materialism, legacy, investment, and variety but only average scores on conformity, hedonism, utilitarianism, and habit. Thus, members of segment four are identified as "Engaged Moderates."

Segment one is somewhat similar to segment three, having low scores on all subscales but high scores for hedonism and legacy and an above average score for investment. Members of segment one are described as "Fun-Oriented Bequestors." Segment five has high scores on uniqueness and variety but differs from segment four with its low scores on legacy and

investment. Thus, members of segment five are described as "Exclusives." Finally, segment two has high scores on conformity and self-esteem/materialism, low scores for legacy and investment, and average scores on the other subscales. Members of this segment can be called "Conventionals" because of their possession of motivations commonly used in the literature to describe consumers of luxury goods.

A profile summary of key characteristics of the six segments is in Table 3.20, with additional insight added by three demographic variables.

Table 3.20 Profiles of Six Luxury Goods Consumer Segments

Segment Name	Percent of Sample	High Motivation Subscale Score	Low Motivation Subscale Score	Age (years)	Number of Children	Annual Household Income
Fun-Oriented Bequestors	14	Hedonism Legacy	Uniqueness Conformity Self-esteem/ Materialism Variety	34.6	0.1	80,700
Conventionals	17	Conformity Self-Esteem/ Materialism	Legacy Investment	37.8	0.2	74,000
Disengageds	18	None	All nine motives	40.2	0.5	75,800
Engaged Moderates	26	Uniqueness Legacy Investment Variety	None	37.3	0.3	140,000
Exclusives	11	Uniqueness Variety	Legacy Investment	35.9	0.1	90,100
Engaged Extremes	15	All nine motives	None	39.6	0.5	167,500

The second proposition from Chapter 2 concerns efficacies of established and understudied motivations in understanding consumer motivations to purchase and consume luxury goods. Results in Table 3.16 show a total of 74 significant ($p < .05$) relationships over the 160 tests of

relationships between motivation scales and luxury goods consumption. Twelve of these relationships are for the self-esteem/materialism subscale, a combination of one established and one understudied motivation. Thus, this subscale is set aside from the discussion of relative efficacies.

For the remaining traditional or established motivations (uniqueness, conformity, hedonism, and utilitarianism), a total of 26 relationships are significant. For the remaining understudied motivations (legacy, investment, habit, and variety seeking), a total of 36 relationships are significant. These results support the second proposition with respect to the eight product categories reported in Table 3.16.

A last discussion topic focuses on one result of the six-cluster solution that did not conform to expectations. The puzzling result concerns the Disengaged segment three with its low motivation scale scores on all studied motivations. Two conjectural explanations are offered. The first is that consumers in the Disengaged segment are motivated to purchase and consume luxury goods by a motive or by several motives apart from those studied here. Given the extensive, theoretically based literature review of possible motivations in Chapter Two, this is unlikely.

The second is that consumers in the Disengaged segment actually represent two or more segments but are grouped into one by the six-cluster solution. The seven-cluster solution in Table 3.10 offers a clue to this possibility, showing two segments of low motivation consumers, segments three and six. The difference between these two segments is only in the legacy motivation—segment three has a high mean value and segment six has a low mean value. If this explanation is correct, then only segment six in the seven-cluster solution

would represent low motivation luxury goods consumers, about nine percent of the population. Such a segment may truly be indifferent or apathetic with respect to the luxury goods they purchase and consume, a topic for future research and discussed in Chapter Five.

Some limits to results in Chapter 3 should be noted, all of which are similar to those described in Section 2.6. Briefly, data come from a relatively small sample of luxury goods consumers in Spain. Spanish consumers reflect the values and behaviors of a collectivist culture, making motivations of conformity and uniqueness perhaps more and less important, respectively, in the purchase and consumption of luxury goods. The sample size, while considerably larger than the sample used in Chapter 2, is still small. The result is limited power to detect small effects and not significant results for some tests of external validity of the cluster solutions (Tables 3.16, 3.17, and 3.18).

The Internet-based sampling procedure raises concerns for sample representativeness noted in Chapter 2. The snowball sampling procedure introduces two potential biases (deflated standard errors, non-response) that cannot be estimated for data used in the cluster analyses also noted in Chapter 2. Correlations among the motivation subscales are likely inflated by common method variance. The average correlation among the nine subscales in Table 3.5 is 0.32. Using the same assumptions described in Section 2.6, this average correlation is upwards biased by 0.08. The effect of this bias is some slight multicollinearity among subscales used to identify consumer segments. The result is a reduction in subscale effectiveness in distinguishing motivation segments.

3.9 Chapter Summary and Conclusions

Segmentation is one of the most important features of many consumer studies, both academic and applied. Chapter 3 contributes to this research stream in the context of consumer motivations to purchase and consume luxury goods. Chapter 3 takes a sample of luxury goods consumers through a five-step clustering approach to help understand differences between consumer segments based on their motivations to purchase and consume luxury goods. Before this study, luxury goods consumers were seen as single, homogeneous segment, uniformly high in uniqueness, conformity, self-esteem, and hedonism motivations. But, now, differences in these and in several understudied motivations seem a better description of *segments* of these consumers. The six segments uncovered here have unique motivations to purchase and consume luxury goods and are different in terms of their reported purchase behaviors.

The six segments selected as the final cluster solution are the result of hierarchical and non-hierarchical clustering methods. The use of a combination of the two methods increases reliability of results that might be found when using only one method. The rigorous examination of internal and external validity of the six segments increases validity of the results. The use of hierarchical methods or *k*-means methods alone is prone to errors because it is too difficult to guess the real number of clusters a priori. And, validation is fundamental. Internal validation supports the position that clustering results are reasonable inside the objective of this study; external validation supports the position that results are reasonable with respect to other variables relevant to understanding the purchase and consumption of luxury goods. Still, results of any cluster analysis are not based on probabilistic statistics and formal hypothesis tests, so other cluster solutions and interpretations are possible.

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Chapter 4
Exploring Satisfaction and Intentions to Repurchase in the Consumption of Luxury Goods

"Men decide far more problems by hate, love, lust, rage, sorrow, joy, fear, illusion, or some other emotion than by reality, authority, standard, judicial precedent, or statute." Cicero (106BC-43BC).

"With the exception of the instinct of self-preservation, the propensity for emulation is probably the strongest, most alert, and persistent of the economic motives proper." Thorstein Veblen (1912).

"What we call happiness in the strictest sense is the (preferably sudden) satisfaction of needs that have been dammed up to a high degree." Sigmund Freud (1929).

4.1 Introduction

Chapter 4 describes how product characteristics, consumer emotions, and relevant others are related to consumer satisfaction with the consumption of luxury goods and intentions to repurchase luxury goods. The objective of Chapter 4 is to know better the predictors of consumer satisfaction and intentions to repurchase. Contents of Chapter 4 are organized into three major sections: conceptual development, empirical research, and discussion of research results.

4.2 Conceptual Development

A very large number of conceptual and empirical studies have examined product characteristics, emotions, relevant others, satisfaction, and intention to repurchase. However, no study has examined these constructs with respect to luxury goods consumption. As a general statement of relationships expected among these constructs, product characteristics, emotions, and relevant others are hypothesized to influence consumer satisfaction. In turn, these four constructs are hypothesized to influence intention to repurchase. Each construct is discussed below.

4.2.1 Product Characteristics

Product characteristics of luxury goods can be stated in the form of features, functions, and benefits. Product characteristics often are evaluated by consumers relative to competing products. For example, a Loewe handbag can be described in terms of its durability, quality, and value relative to a Gucci handbag or to some "ideal" or perfect handbag. While durability of a handbag may be judged objectively in a physical sense, quality and value of the handbag are more abstract, more subjective, and more difficult to assess.

Ideas of objective, subjective, and abstract characteristics have led marketing scholars to develop three typologies of product attributes based on a product's physical properties, beneficial properties, and image properties (Lekhoff-Hagus and Mason 1993). Physical properties of a product are "product referent" and can be described in denotative, definitional, tangible, objective, and engineering terms. Beneficial properties of a product are "task or outcome referent" and are described in conative, instrumental intangible, and performance terms. Image properties are "user referent" and described in augmented product terms as well as in intangible, imagery, emotional, and reference group terms.

The three typologies of product attributes at times form a causal chain linked together by consumer experiences. Consider an expensive handbag whose durability may be evaluated by a consumer's close examination of product workmanship and materials before the decision to purchase. Evaluation might begin with references to the handbag's brand name, warranty, and sales claims (both personal and impersonal). Evaluation will include memory traces of the consumer's past experience with handbags having the same name and, perhaps, other brand names. Durability may be assessed later during the consumer's usage of the handbag. Based on these evaluations, a summary judgment of product quality and product value often

will follow. From this subjective judgment of product quality and product value, the consumer then may position the handbag in her mind as fun and pleasant to use, reflecting wealth and social status, and providing feelings of contentment and pleasure.

However, these linkages between physical characteristics of a luxury good and benefits to be experienced from usage of that good sometimes are difficult to form (Lekhoff-Hagus and Mason, 1993). For example, benefits of using a luxury cosmetic or a luxury perfume cannot be evaluated by reading a list of ingredients at the time of purchase—such benefits as effectiveness, allure, and fragrance can be evaluated only by usage experiences, most likely over several usage occasions. Further, linkages between physical characteristics of a luxury good and benefits to be experienced from that good often are difficult to maintain. Consider a diamond necklace owned and worn by a luxury goods consumer for 20 years. On any usage occasion, the consumer may ignore completely the tangible and physical properties of the necklace and instead form symbolic images based on past use, long-term memory, and anticipations of the immediate usage occasion.

The use of product characteristics as predictors of consumer satisfaction with products other than luxury goods has been extensively studied. A meta-analysis of this relationship (Szymanski and Henard, 2001) found 21 relevant studies reporting a total of 159 correlations between product characteristics and satisfaction. Slightly more than 86 percent of these correlations were positive and significant; the average correlation was 0.33. These values will be useful in this thesis as a calibration to describe relationships for emotions and relevant others with satisfaction and intention to repurchase.

4.2.2 Emotions

Emotions are an essential part of consumer behavior. An emotion can be defined as:

> A mental state of readiness that arises from cognitive appraisals of events or thoughts; has a phenomenological tone; is accompanied by physiological processes; is often expressed physically (e.g., in gestures, postures, facial features); and may result is specific actions to affirm or cope with the emotion, depending on its nature and meaning for the person having it. (Bagozzi, Gopinath, and Nyer, 1999, p. 184))

More simply, an emotion can be defined as "a valenced affective reaction to perceptions of situations" (Richins 2007). Common to both definitions is the idea that an emotion represents an outcome of an individual's assessment of a specific, temporal, and involving physical or mental circumstance. The assessment may be pleasurable or painful and may lead to a positive or negative reaction. The reaction may be affective or behavioral in form.

An emotion is different from a belief or cognition because these latter two characteristics of individuals are more enduring and often lack any mental state of readiness. An emotion is different from a bodily state such as sleepy and hungry and from a subjective evaluation of people or situations because the former two states lack cognitive appraisals and the latter two lack any mental state of readiness (Richins, 2007).

A near-exhaustive list of emotions as found in the psychology literature appears in Table 4.1 (Laros and Steenkamp, 2005). The list classifies 33 subordinate emotions into six basic emotions. The classification is made based on a confirmatory factor analysis of responses from 645 Dutch consumers. Consumers were asked about emotions they experienced with respect to one of four types of foods: genetically modified food, functional food, organic food, or regular food. The list of emotions does not include love, pride, envy, or jealousy. Researchers conducting the study felt that these four emotions are associated more with interpersonal circumstances and less with widely available foods. The list of emotions

indicates that the six basic emotions fall into two superordinate categories, negative (anger, fear, sadness, shame) and positive (contentment, happiness).

Basic Emotion	Subordinate Emotions	
Anger	Angry	Frustrated
	Irritated	Hostility
	Unfulfilled	Discontented
Fear	Scared	Afraid
	Panicky	Nervous
	Worried	Tense
Sadness	Depressed	Sad
	Miserable	Helpless
	Nostalgia	Guilty
Shame	Embarrassed	Ashamed
	Humiliated	
Contentment	Contented	Fulfilled
	Peaceful	
Happiness	Optimistic	Encouraged
	Hopeful	Happy
	Pleased	Joyful
	Relieved	Thrilled
	Enthusiastic	

Table 4.1 Basic and Subordinate Emotions (Laros and Steenkamp, 2005)

According to appraisal theories of emotion, emotions such as those in Table 4.1 are elicited based on an individual's "subjective evaluation or appraisal of the personal significance of a situation, object, or event" (Scherer, 1999, p. 637). The degree that any one emotion is experienced by an individual is influenced by characteristics of the situation, object, or event. Characteristics include novelty, intrinsic pleasantness, goal significance, coping potential, and compatibility standards. To illustrate, an unexpected telephone call describing a daughter's accident may lead the mother to feel only small levels of helplessness and guilt if the caller (a neighbor) describes how he has dressed the wound and restored peace and calm.

However, the opposite might be the case if the caller were the daughter herself, just moments after the accident occurred.

Another way of describing emotion-related characteristics of a situation, object, or event concerns their origins. Three different types of origins can be identified (Roseman, 1991). The first type consists of inanimate circumstances such as an earthquake, traffic jam, lottery draw, or Picasso painting. The second consists of other people either distant or close to the individual. The third consists of the individual himself or herself who experiences the emotion (a self-caused emotion). Emotions such as pride, shame, guilt, and regret are thought to be primarily self-caused. Other emotions such as dislike, anger, and liking are held to be caused primarily by other people. Still other emotions such as hope, fear, joy, relief, disgust, and distress are thought to originate primarily from inanimate circumstances.

Based on a growing awareness of the role of emotions in influencing satisfaction, Martin et al. (2008) proposed and tested a model where customer satisfaction is affected by perceptions of service quality and by experienced emotions. The model also used service quality, emotions, and customer satisfaction as predictors of intentions of future purchase behaviors. Results showed emotions to be positively related to customer satisfaction (r = .34, p< .00) and to intentions of future purchase behaviors (r = .47, p< .00). The study concluded that "consumer satisfaction and behavioral intentions are better explained when emotion is considered" (p. 232). However, a criticism of this finding is that emotions in this study were those experienced in general by customers rather than emotions associated with a specific consumption experience.

Westbrook and Oliver (1991) also studied the correspondence between emotions and satisfaction judgments. In this study the measurement of emotions was associated specifically with a consumption experience—the purchase of a new automobile. The study found that emotions of pleasant surprise, interest, and hostility were strongly associated with satisfaction. Values for R^2 ranged from 0.20 to 0.49, depending on the measure of satisfaction. The study concluded that emotions are linked to customer satisfaction through memories of consumption experiences.

An essential question in these and related studies is how to measure emotions. Two basic methods of measurement are possible (Desmet 2003): verbal (subjective) and non-verbal (objective). Sorensen (2008) identifies all relevant measurement methods and concludes that a verbal self report is the most successful method for use in consumer research. The verbal self report method asks consumers about their emotions through interviews or questionnaires, typically using open ended questions or a large set of emotions items. Responses to the large set of items usually are taken in the form of Likert or semantic differential scales. Popular scales include those of Izard (1977), Mehrabian and Russell (1974), Batra and Holbrook (1990), and Richins (1997). The number of items in these scales ranges from 18 (Mehrabian and Russell, 1974) to 47 (Richins, 1997). Scale items often are grouped into categories or factors. For example, the CES scale (Richins, 1997) groups its 47 items into 17 factors: anger, discontent, worry, sadness, fear, shame, envy, loneliness, romantic love, love, peacefulness, contentment, optimism, joy, excitement, surprise, and other (guilty, proud, eager, relieved).

In the context of luxury goods consumption, many commonly identified and frequently studied emotions often are irrelevant. For example, a consumer wearing an expensive

diamond necklace would not be expected to experience such negative emotions in Table 4.1 as anger, fear, sadness, and shame. Instead, the consumer might experience only positive emotions such as fulfilled or satisfied, happiness, delighted, or excited.

4.2.3 Relevant Others and Social Comparisons

Relevant others in this study are individuals and groups of individuals who exert some degree of active or passive influence on consumers of luxury goods. The term "relevant others" is used interchangeably in the literature with "reference group," a concept introduced by Hymans (1942). According to Hymans, a relevant other or a reference group is simply "a person or a group of people that significantly influences an individual's behavior."

Six different types of reference groups are identified in the literature, based on degree of personal relationships and purposes of the individual and the group: proximal/distant, aspirational/dissociative, and ingroup/outgroup. Reference groups can be socially *proximal* as people close to an individual or socially *distant* as people not so close to an individual (Cocanougher and Bruce, 1971). Reference groups can be aspirational as a collective of people "among which one seeks to gain, maintain, or enhance his status" (Shibutani, 1955). Or, reference groups can be dissociative as collections of people that the individual would not like to be like. Reference groups can be in the form of *ingroups* or collectives of people to which an individual belongs or *outgroups* or collectives to which an individual does not belong (Escalas and Bettman, 2005). For example, an individual may see himself as a member of the middle class and belong to a tennis club; the same individual does not consider himself to be a member of the working class and does not belong to a golf or a swimming club.

Festinger (1954) believed that individuals have a drive to compare themselves with relevant others. This drive is central in his social comparison theory, described briefly in Section 2.3.3 and in more detail here. Several comparisons between selves and relevant others need not be based on immediate, face-to-face contacts:

> Festinger's social comparison theory dealt with comparisons within groups and other face-to-face comparisons. [However] other authors recognized that people may compare themselves with members of groups that they do not belong to or with social categories—individuals who share a social status but have no social interaction. (Richins, 1991, p. 72)

Three major processes are involved in social comparison (Wood, 1996). First is *acquiring* social information by seeking this information, by encountering this information, or by constructing this information from facts, opinions, and experiences. Second is *thinking about* the social information in relation to the self by observing similarities and differences between the self and relevant others. Third is *acting upon* social comparisons in the second step including changing cognitions, affect, and behaviors. Individuals in these processes can make comparisons to individuals or groups that are inferior (a self-enhancement social comparison) or superior (a self-improvement social comparison).

Finally, there are many kinds of referent individuals. Some referent individuals have "high credibility, such as those having presumed expertise, and will often serve as sources of information-based influence for uncertain or uninformed consumers" (Childers and Rao, 1992, p. 199). Other referent individuals such as a movie or TV star are so prominent or attractive that individuals often will want to emulate their behaviors. Yet another type of referent individual includes parents, teachers, and peers. Individuals in this latter type are described as "normative referents who provide the individual with norms, attitudes, and values through interaction" (Childers and Rao, 1992, p.199). Still other normative referent individuals include a spouse or partner, family member, friend, or coworker.

The influence of relevant others on consumption depends on product type and consumption situation (Bearden and Etzel, 1982). If the consumption situation is private and the product is a necessity, relevant others likely will have a small influence on purchases in the product category. That is, relevant others will influence neither the decision to purchase a product in the product category nor the decision as to which brand to purchase. If the consumption situation is private but the product is a luxury good, then relevant others may influence the decision to purchase a product in the product category but not the choice of brand. If the consumption situation is public and the product is a necessity, relevant others will influence the choice of brand but not a decision to buy or not buy in the product category. Finally, if the consumption situation is a publically consumed luxury good, relevant others will influence both the decision to buy in the product category as well as which brand to purchase.

Thorstein Veblen was particularly interested in publically consumed luxury goods in his famous book, *The Theory of the Leisure Class* (1899). Veblen used "conspicuous consumption" to describe consumption behaviors of the nouveau riche, a social class or subculture that emerged late in the 19th century as a result of an accumulation of wealth as industrialists. Veblen described members of this class buying and using products not to satisfy basic human needs but to demonstrate superior wealth and social standing. Conspicuous consumption results from social comparisons of consumption patterns of the nouveau riche to consumption patterns exhibited by individuals at higher points in the social hierarchy.

While observers find instances of conspicuous consumption even today (Steverman, January 27, 2011), critics note that the concept is too restrictive because it relies on a trickle-down view of consumption patterns (Trigg, 2001). Instead, consumption patterns today frequently

cut across the social hierarchy based on lifestyles rather than emerge from the top or near-top of society and flow downward to the lower classes. For Bourdieu and other social scientists, instead of a one-directional flow of tastes and social influence, the process often is circular. The flow is called a "trickle around" model, "with upper class tastes drawing at times from popular working class tastes and also transmitting at times to a less sophisticated middle class" (Trigg, 2001, p. 106).

4.2.4 Consumer Satisfaction

An extremely large number of research studies have examined the concept of consumer satisfaction since the seminal study by Cardozo (1964). Satisfaction studies appear in numerous journals, conference proceedings, working papers, and other outlets. In fact, research interest on satisfaction reached such intensity that the *Journal of Consumer Satisfaction, Dissatisfaction, and Complaining Behavior* began publication in 1986 and continues to this day.

A widely cited meta-analysis of consumer satisfaction found 85 published articles, working papers, and Ph.D. dissertations dated between 1964 and 1998 (Szymanski and Henard, 2001). These studies of consumer satisfaction use a variety of definitions, all of which share three central ideas (Giese and Cote, 2000):

1. Consumer satisfaction is a cognitive or emotional response to a product or a service encounter.
2. The response has a specific focus based on product or service attributes, consumer expectations, and past experience.
3. The response occurs at a specific time, most generally after a consumption activity or consumption choice.

From the meta-analysis identified above, a conceptual model of consumer satisfaction appears in Figure 4.1. The model shows five general causes of satisfaction, three general consequences, and averages of zero-order relationships reported in the 85 research studies for all causally connected constructs.

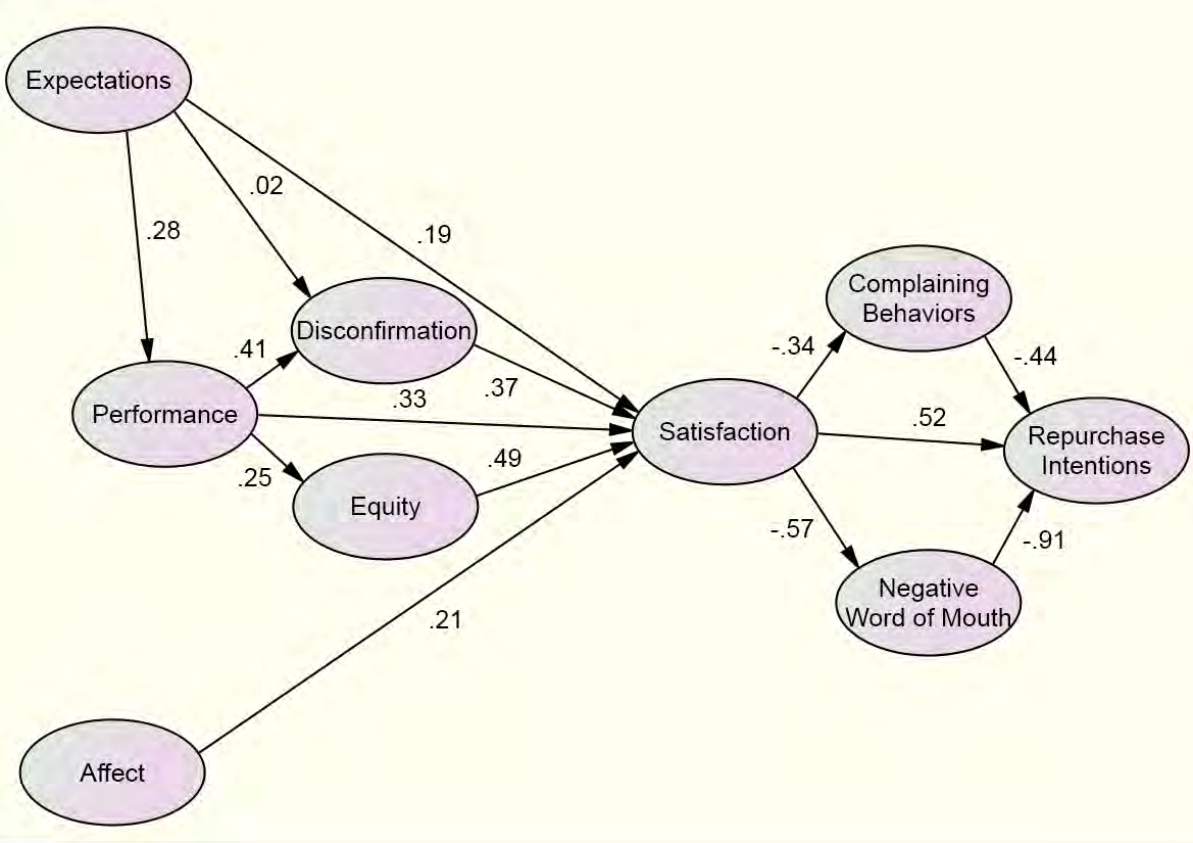

Figure 4.1 Meta Analysis Estimates of Mean Zero-Order Correlations among Antecedents and Consequences of Consumer Satisfaction

The expectations construct in Figure 4.1 is the consumer's baseline anticipation of product or service performance, while performance is the consumer's perception of features, functions, and benefits of the product or service. Perceptions of performance lead to positive, negative or occasionally zero levels of disconfirmation or corroboration. Perceptions of performance also lead to consumer equity or sense of fairness regarding perceived performance. Affect in Figure 4.1 is the consumer's likes or dislikes of the product or service based on memories of emotions experienced during product or service use. Complaining behaviors refer to

consumer criticisms and fault finding opinions as these grievances are expressed to the product manufacturer or service provider or to a government or other organization. Negative word of mouth consists of criticisms and fault finding opinions expressed to friends, family members, or other consumers. Repurchase intentions are consumer subjective judgments about their likelihood of buying again from the same manufacturer or service provider.

As might be expected from the literature on consumer satisfaction, measurement of the construct is possible with a variety of methods. Broadly speaking, measurement of consumer satisfaction begins with a decision to choose either cognitions or emotions as a measurement focus. Given this choice, a decision then is needed whether to use a single item or global measure of satisfaction or to use multiple-item measures based on product or service attributes or emotions. If a multiple-item measure will be used, decisions are needed to select important attributes or important emotions and to set the total number of items. Finally, decisions are needed to identify response categories and response anchors. This thesis used a single-item, cognitive measure of global satisfaction, chosen to:

1. Limit the total number of survey items on the questionnaire and reduce respondent fatigue.
2. Avoid confusion in measuring satisfaction in three different luxury product categories (cosmetics and perfume, handbags, jewelry and watches) having diverse product attributes.
3. Allow emotions associated with the consumption of luxury goods to be used as predictors of cognitive satisfaction and conative intentions to repurchase.

4.2.5 Intentions to Repurchase

Intentions to repurchase are one of the consequences of satisfaction shown in Figure 4.1 along with complaining behavior and negative word of mouth behavior. Customer satisfaction and repurchase intentions have a strong, positive relationship. Complaining and negative word of mouth behaviors have negative average relationships with repurchase

intentions. However, the –0.91 mean value for the relationship between repurchase intentions and negative word of mouth behavior is based on only one correlation coefficient reported in the literature. The –0.44 mean correlation value for repurchase intentions and complaining behavior is based on only two correlations. Thus, both values should be interpreted with caution.

The marketing literature on purchase intentions and repurchase intentions is perhaps equal to that for satisfaction in volume and diversity. The majority of these articles deal with "purchase" and not "repurchase" intentions, the construct of interest in this thesis. Two widely cited articles are most relevant here.

The first (Mittal, Ross, and Baldsare 1998) studies repurchase intentions in two different contexts, health care services and automobiles. Both contexts have complex, multi-attribute products whose evaluations of attribute performance by consumers lead to overall satisfaction and intentions to repurchase. Consumer evaluations of attribute performance vary in both sign and intensity. That is, evaluations can be positive or negative and strong or weak, even with regard to a single product. Results of the study show that:

1. Negative performance on an attribute has a greater impact on overall satisfaction and on repurchase intentions than does positive performance on that same attribute.
2. Overall satisfaction perhaps has a diminishing sensitivity to attribute performance.
3. Attribute performance has both a direct effect on repurchase intentions and an indirect effect through overall satisfaction. (Mittal, Ross, and Baldsare 1998, p. 44.)

Only the second result requires additional explanation. Researchers in the study found mixed support for linear and non-linear relationships between attribute performance and overall satisfaction. When evaluations on all attributes are combined, diminishing returns were noted between positive product performance and overall satisfaction but not for negative product

performance. However, when evaluations of individual attributes were examined, diminishing returns were noted for both positive and negative product performance. Still, fit of these models to observed data were no better than models positing linear relationships.

The second (Mittal and Kamakura 2001) examines relationships between overall consumer satisfaction, repurchase intentions, and actual repurchase behaviors in a large-scale study of automobile customers. Of particular interest here is the relationship in that study between satisfaction and repurchase behaviors and the identity of possible moderating variables of this relationship. Briefly, the study concludes that:

1. Satisfaction ratings vary based on consumer characteristics (sex, age, education level, area of residence). About 10 percent of the variance in satisfaction ratings is due to consumer characteristics.

2. The relationship between satisfaction and repurchase behaviors is moderated by consumer characteristics.

3. The functional form of the relationship between satisfaction and repurchase intentions is different than the functional form of the relationship between satisfaction and repurchase behaviors.

Examples of specific findings for each of these conclusions include:

1. Women have higher satisfaction ratings than men. Women age 60 or over and without children are more loyal to automobile brands than other groups of consumers.

2. Response bias in satisfaction ratings varies by customer characteristics. Single women who reside in suburbs, and live in a household with no children provide satisfaction ratings that have no relationship at all with repurchase behaviors.

3. The link between satisfaction and repurchase intentions is characterized by decreasing returns while the link between satisfaction and repurchase behaviors is characterized by increasing returns.

In sum, the study is unique in its focus on consumer satisfaction and repurchase behaviors rather than satisfaction and intentions to repurchase.

4.2.6 Summary of Constructs and Research Hypotheses

Five constructs have been described for purposes of answering this basic research question:

> Between product characteristics, emotions, and relevant others associated with the consumption of luxury goods, which has greater explanatory power with respect to satisfaction and intentions to repurchase?

Expectations are that product characteristics, emotions, and relevant others variables will be positively related to satisfaction and intentions to repurchase. Thus, all research hypotheses for testing are stated in a directional fashion:

H1A: *Product durability is positively related to consumer satisfaction*;
H1B: *Product durability is positively related to intentions to repurchase*.

H2A: *Product quality is positively related to consumer satisfaction*;
H2B: *Product quality is positively related to intentions to repurchase*.

H3A: *Product value is positively related to consumer satisfaction*;
H3B: *Product value is positively related to intentions to repurchase*.

H4A: *The contented emotion is positively related to consumer satisfaction*;
H4B: *The contented emotion is positively related to intentions to repurchase*.

H5A: *The stimulated emotion is positively related to consumer satisfaction*;
H5B: *The stimulated emotion is positively related to intentions to repurchase*.

H6A: *The reactions of close others are positively related to consumer satisfaction*;
H6B: *The reactions of close others are positively related to intentions to repurchase*.

H7A: *The reactions of distant others are positively related to consumer satisfaction*;
H7B: *The reactions of distant others are positively related to intentions to repurchase*.

H8: *Satisfaction is positively related to intentions to repurchase*.

Because of stated directionality, all hypotheses will be examined with one-tailed tests.

All tests of hypotheses for intentions to repurchase will include habit as a control variable. Habit or consumer loyalty to a company or brand was described in Chapter 2 as one of 10 motivations to purchase and consume luxury goods. To review, habit includes simple repetitive purchase behaviors with a minimum of mental processing as well as enthusiastic loyalty that includes substantial cognitive, affective, and conative processing (Oliver 1999).

Such loyalty is based on the consumer's belief that a chosen company or brand "continues to offer the best choice alternative" and that the company or brand is passively or actively endorsed by a relevant consumption community.

4.3 Data Collection and Variable Measurement

Data were collected using surveymonkey.com during a two-month period from 1 May to 31 June, 2008. A questionnaire on that website was completed by luxury good consumers using a snowball sampling procedure. The questionnaire's introduction highlighted the academic nature of the study and promised anonymity and confidentiality of responses. (Copies of the questionnaire in English and Spanish are found in the Appendix.)

The snowball sampling procedure began with initial contacts with known luxury goods consumers and requests for their participation. Cooperating contacts were given a link to the questionnaire at surveymonkey.com. These first-step respondents also were asked to send the link to known luxury goods consumers among their friends, coworkers, and other luxury consumer connections as second-step respondents. First-step respondents were associated with luxury goods from many different points of view: employed at luxury good firms and luxury goods trade associations, fashion photographers, fashion models, editors of fashion publications, professors of master degree programs in luxury goods, and communications agencies.

Completed questionnaires were received from 206 respondents. As summary of respondent characteristics, respondents are 74 percent female, between the ages of 22 and 66, with educations ranging from high school diplomas to university Ph.D.s. Annual household incomes range from 12,000€ to over 1,250,000€. Mean and median values for age and

income are 37.7 years and 34.0 years and 109,600€ and 72,000€, respectively. The modal education level is master's degree. These values are based on data from 147 respondents who answered the four demographic questions at the end of the questionnaire.

The questionnaire was organized into five sections, three of which are relevant to Chapter 4. In Section 2 of the questionnaire, respondents identified themselves as consumers of a luxury good in one of three product categories (cosmetics and perfume, handbags, jewelry and watches) and identified the firm or brand name of the consumed luxury good. In Section 3, consumers described sensations or emotions associated with their most recent use of the consumed luxury good and their overall satisfaction with the good. They continued by describing their beliefs about the product's ability to meet their consumption needs, importance of the impressions and reactions of relevant others when they used the product, intentions to repurchase the product, and beliefs about product attributes or characteristics as compared to alternate, competing products. In Section 4, consumers indicated their degree of agreement with a Likert statement measuring loyalty or habit as a motivation. This variable was used as a control variable in data analyses.

Emotions associated with use of the consumed product were measured by asking consumers about sensations they experienced during the luxury product's most recent use. Responses were taken on five-point scales using these pairs of words as anchors: Unhappy/Happy, Displeased/Delighted, Unsatisfied/Satisfied, Bored/Animated, Relaxed/Excited, and Guilty/Not Guilty. Overall satisfaction evaluations were made on a single 10-point scale. Beliefs about the product's ability to meet consumption needs were taken as a response in one of three categories: meeting only some needs, meeting most needs, and meeting or surpassing all needs. Importance of the impressions and reactions of relevant others was

measured on a 10-point scale with anchors of "Not Important" and "Extremely Important". The impressions or reactions of five groups of relevant others were rated: spouse, other family members, close friends, colleagues at work, and the general public.

Intentions to repurchase used a 10-point scale to indicate the probability that a respondent's "next purchase in the product category would be the same brand" as the brand indicated in Section 2. Beliefs about product characteristics also used a 10-point scale for product duration, quality, and value compared to "similar products offered by other firms or brands." The habit control variable used a five-point scale agree-disagree scale. A short summary of measurement items appears in Table 4.2.

Table 4.2 Measurement Items for Scale Construction

Measurement Scale	**Scale Items**
Duration	Compared to other brands my product has better durability. From 1(strongly disagree) to 10(strongly agree)
Quality	Compared to other brands my product has better quality. From 1(strongly disagree) to 10(strongly agree)
Value	Compared to other brands my product has better value. From 1(strongly disagree) to 10(strongly agree)
Contented	Unhappy/Happy
	Displeased/Pleased
	Unsatisfied/Satisfied
Stimulated	Bored/Animated
	Relaxed/Excited
Close Others	Importance of reactions of spouse
	Importance of reactions of other family members
	Importance of reactions of close friends
Distant Others	Importance of reactions of colleagues at work
	Importance of reactions of the general public
MeetNeeds	Meeting: some needs, most needs, all needs
Satisfaction	Overall, how satisfied are you with this product? (Enter a number from 1 to 10 where 1 indicates great dissatisfaction and 10 indicates great satisfaction.)
Repurchase Probability	The next time you need to buy a new handbag, what is the probability of buying this brand again? 1(Low) to 10(High)
Habit	I think of myself as a brand loyal customer when I buy luxury goods.

The five emotion items in Table 4.2 are grouped into two emotions scales of contented and stimulated. This grouping was based on results of an exploratory factor analysis of the six emotion items. A principal axes solution with promax rotation was used, retaining two factors based on the "eigenvalue greater than 1.00" criterion. The two factors explained 74 percent of common variance and fit observed variables quite well (no residual correlations greater than 0.05). However, the "Guilty/Not Guilty" variable had a very low communality (0.04) in contrast to the other five variables (average communality of 0.75). Because of this low communality, the Guilty/Not Guilty variable is not shown in Table 4.2 and was not considered in further analyses.

Table 4.2 also shows responses about the importance of impressions and reactions of the five relevant others variables combined into two scales based on social influence considerations: Close Others and Distant Others. An exploratory factor analysis of the five relevant others variables supports identification of the two scales, retaining two factors based on the "eigenvalue greater than 1.00" criterion. The two factors explained 86 percent of the common variance and fit observed variables quite well. Pattern loadings for variables defining the factors ranged from 0.76 to 0.91 and cross loadings ranging from -0.11 to 0.37. The maximum cross loading occurred forth impressions and reactions of the "close friends" variable on the "distant others" factor.

A summary of distribution statistics for the 10 variables used for analyses in Chapter 4 appears in Table 4.3. Mean values were assigned to a small number of respondents having missing data on one or more of the 10 variables. Distribution statistics show no serious departures from normality. Correlations among the 10 variables are found in Table 4.4, showing values ranging from -0.01 to 0.66. Correlations for the habit motivation variable

with other variables in the analysis indicate its usefulness as a control. Habit has relatively small correlations with the product characteristics, emotions, and relevant others variables and a significant correlation with repurchase probability.

Table 4.3 Summary Statistics for Analysis Variables (*n* = 172)

Variable	Cases with No Missing Data	Mean	Std Dev.	Min.	Max.	Skewness	Kurtosis
Durability	169	7.61	1.90	1	10	-0.71	0.07
Quality	169	7.93	1.88	1	10	-0.99	0.59
Value	169	7.62	2.05	1	10	-0.89	0.64
Contented	167	12.80	2.12	7	15	-0.53	-0.81
Stimulated	169	7.10	1.64	2	10	-0.09	0.45
Close others	168	19.10	6.73	3	30	-0.68	-0.19
Distant others	169	9.86	4.47	2	20	-0.04	-0.58
Satisfaction	172	8.72	1.11	5	10	-0.52	-0.22
Probability Repurchase	172	8.05	1.78	1	10	-1.36	2.39
Habit	168	3.18	1.25	1	5	-0.39	-0.82

Table 4.4 Correlations among Analysis Variables (*n* = 172)*

Variable	Durability	Quality	Value	Cont	Stim	Close Others	Distant Others	Satis	Probability Repurchase
Durability	1.00								
Quality	.54	1.00							
Value	.33	.65	1.00						
Contented	.26	.30	.10	1.00					
Stimulated	.19	.26	.16	.55	1.00				
Close others	.10	.10	.14	.15	.12	1.00			
Distant others	.09	.14	.19	.07	.17	.66	1.00		
Satisfaction	.21	.34	.12	.47	.40	.03	-.01	1.00	
Probability Repurchase	.35	.41	.24	.30	.28	.20	.08	.46	1.00
Habit	.07	.17	.12	.20	.08	.08	.21	.14	.24

*Correlations greater than 0.13 are significant at $p < .05$, one-tail.

As noted earlier, responses to the question measuring the luxury product's ability to meet consumption needs were taken in three categories and, thus, the "MeetNeeds" variable is measured at the ordinal level. Frequencies of category responses for meeting "some," "most," and "all" consumption needs were 21, 106, and 45, respectively.

4.4 Data Analysis and Results

Following data analyses and results help to understand predictors for two fundamental concepts in luxury goods marketing: consumer satisfaction and intentions to repurchase.

4.4.1 Validation Model for Satisfaction and Intentions to Repurchase

A simple validation model for satisfaction and intentions to repurchase is shown in Figure 4.2. The model is in the form of a causal chain, linking MeetNeeds to Satisfaction to Intentions to Repurchase. The expectation is that the two causal relationships in the model would be positive. Path coefficients in the Figure support this expectation. The correlation between MeetNeeds and Satisfaction is calculated as Kendall's Tau-b; the correlation between Satisfaction and Intentions to Repurchase is the ordinary product-moment correlation. The correlation between Satisfaction and Intentions to Repurchase is near the average value of 0.52 for meta analysis results in Figure 4.1.

Figure 4.2 Path Coefficients Validating Satisfaction and Intentions to Repurchase Variables

4.4.2 Predictors of Satisfaction and Intentions to Repurchase

Interest now centers on product characteristics, emotions, and the impressions and reactions of relevant others as predictors of satisfaction and intentions to repurchase. As described earlier, product characteristics under study comprise product durability, quality, and value. These three product characteristics are relevant to each of the three luxury product categories (cosmetics and perfumes, handbags, and jewelry and watches) consumers used as the basis for their responses to items in Section 3 of the questionnaire. The other two product

characteristics measured in Section 3 (style and comfort) are not used in following analyses because these characteristics are not common descriptors of luxury goods in the three luxury product categories. Two specific emotions are of interest, contented and stimulated, and two types of relevant others, close and distant.

The first analytical approach for the predictors was hierarchical linear regression in the form of two initial and alternate models. For satisfaction as the dependent variable, the initial regression model contained the product characteristics variables, then added the emotions variables, and then added the relevant others variables. An alternate regression model for satisfaction began again with product characteristics but reversed the order for adding the second and third sets of predictor variables. For intentions to repurchase, the initial regression model contained the product characteristics and habit variables, then added the emotions variables, and then added the relevant others variables. The alternate model for intentions to repurchase began similarly but reversed the order for adding the second and third sets of predictor variables. For all four hierarchical linear regression models, the relative additional explanatory power for the second and third sets of predictor variables can be tested using the extra sum of squares principle.

The second analytical approach for the predictors used path analysis models containing habit, satisfaction, intentions to repurchase, and a variable of interest whose identity rotated among the models. Each path analysis model contained one variable of interest representing either product characteristic, emotion, or relevant other. The model can be understood more easily from discussion later in the Chapter and by reference to Figure 4.3. Results of path analyses forth seven models represented in Figure 4.3 provide estimates of direct effects (as in

regression) and also indirect effects of the variables of interest. Both analytical approaches began with the same zero order correlation matrix in Table 4.4.

4.4.3 Hierarchical Linear Regression Results

Summary results for hierarchical linear regression models identified as Models 1, 2, 3, and 4, are in Table 4.5. Models 1 and 3 have satisfaction as their dependent variable and product durability, quality, and value as their initial set of predictors. Models 1 and 3 differ in the order of variables added as their second and third sets of predictors. Model 1 adds the relevant others variables first and then the emotions variables. Model 3 adds the emotions variables first and then the relevant others variables. Models 2 and 4 are identical to Models 1 and 3 but instead of satisfaction use intentions to repurchase as their dependent variables.

In all four models, the initial set of predictors containing product characteristics (and habit, in the case of intentions to repurchase) produces significant values for R^2. Results in Table 4.5 for satisfaction show almost no increase in R^2 when adding the two relevant others variables to the model, either as the second set of predictors or as the third. Significance levels for the extra sums of squares provided by adding the two relevant others variables in these two models are 0.80 and 0.40, respectively. However, for intentions to repurchase, increases in R^2 are substantial and significant when adding the two relevant others variables. Significance levels are 0.03 and 0.04 when relevant others are added as the second set and third set of predictors, respectively. Adding emotions to any of the four models always produces a significant increase in R^2. Correlation coefficients (Table 4.4) and VIF statistics (Table 4.6) for these analyses indicate no concerns for multicollinearity among predictors.

Table 4.5 R^2values (*p* values) for Hierarchical Linear Regression Models 1, 2, 3, and 4

Model (Dependent Variable)	Step 1: Enter Durability Quality, Value (*p*)	Step 2: Enter Relevant Others (*p*)	Step 3: Enter Emotions (*p*)
1 (Satisfaction)	0.14(0.00)	0.14(0.00)	0.30(0.00)
2 (Intentions to Repurchase)*	0.21(0.00)	0.25(0.00)	0.28(0.00)

Dependent Variable	Step 1: Enter Durability Quality, Value (*p*)	Step 2: Enter Emotions (*p*)	Step 3: Enter Relevant Others (*p*)
3 (Satisfaction)	0.14(0.00)	0.29(0.00)	0.30(0.22)
4 (Intentions to Repurchase)*	0.21(0.00)	0.25(0.00)	0.28(0.00)

*Habit is also a predictor in models having repurchase probability as the dependent variable.

Concerning individual predictor variables, Table 4.6 presents results for the four hierarchical linear regression models. For ease of interpretation, models are presented in order based on their dependent variables. As can be seen, statistics for the initial set of variables are identical for Models 1 and 3 and for Models 2 and 4. The same is true for Models 1 and 3 and Models 2 and 4 when all variables are entered into the regression equation.

Inspection of all Table 4.6 values for product quality shows that this variable is a consistent and strong predictor of consumer satisfaction and intentions to repurchase, with slightly higher coefficients for the former dependent variable than for the latter. Product durability is a significant predictor of intentions to repurchase with a standardized regression coefficient about half that for product quality. Product value is never a significant predictor. Distant others is never a significant predictor.

The contented and stimulated emotions variables always are significant and substantive predictors of consumer satisfaction, whether they are added as the second or third set of variables. They are less powerful predictors of intentions to repurchase. Only the stimulated emotions variable is significant, with a standardized coefficient about half that of the

coefficient for product quality. The close others variable is a significant predictor of intentions to repurchase, with a standardized coefficient almost equal to that for product quality in the full model. The habit control variable is significant in all models. Negative signs for coefficients in all models reflect the influence of other predictors in the regression equations. These coefficients should be ignored, given the positive zero-order correlations in Table 4.4.

Table 4.6 Standardized Regression Coefficients for Four Hierarchical Linear Regression Models (*n* = 172)

Model 1, Dependent Variable: Satisfaction

Model 1	**Variable**	**Coeff.**	***t***	**Sign.***	***VIF***
Initial Set of Variables	Durability	.10	1.13	.13	1.42
	Quality	.40	3.70	.00	2.21
	Value	-.16	-1.65	.95	1.76
Add Relevant Others Variables	Durability	.10	1.11	.14	1.43
	Quality	.40	3.68	.00	2.20
	Value	-.15	-1.50	.93	1.81
	Close Others	.01	0.12	.45	1.76
	Distant Others	-.06	-0.50	.72	1.79
Add Emotions Variables	Durability	.05	0.69	.25	1.44
	Quality	.26	2.55	.01	2.34
	Value	-.08	-0.95	.83	1.85
	Close Others	-.03	-0.30	.62	1.79
	Distant Others	-.07	-0.82	.79	1.82
	Contented	.27	3.30	.00	1.55
	Stimulated	.21	2.58	.01	1.49

*One tail tests for a null that the standardized regression coefficient is greater than 0.00.

Model 3, Dependent Variable: Satisfaction

Model 3	**Variable**	**Coeff.**	***t***	**Sign.***	***VIF***
Initial Set of Variables	Durability	.10	1.13	.13	1.42
	Quality	.40	3.70	.00	2.21
	Value	-.16	-1.65	.95	1.76
Add Emotions Variables	Durability	.05	0.66	.51	1.44
	Quality	.26	2.59	.01	2.33
	Value	-.11	-1.21	.89	1.79
	Contented	.27	3.31	.00	1.53
	Stimulated	.20	2.47	.01	1.46
Add Relevant	Durability	.05	0.69	.25	1.44
	Quality	.26	2.55	.01	2.34

Others Variables	Value	-.08	-0.95	.83	1.85
	Contented	.27	3.30	.00	1.55
	Stimulated	.21	2.58	.01	1.49
	Close Others	-.03	-0.30	.62	1.79
	Distant Others	-.07	-0.82	.79	1.82

*One tail tests for a null that the standardized regression coefficient is greater than 0.00.

Model 2, Dependent Variable: Intentions to Repurchase

Model 2	**Variable**	**Coeff.**	***t***	**Sign.***	***VIF***
Initial Set of Variables	Durability	.17	2.02	.02	1.42
	Quality	.33	3.16	.00	2.23
	Value	-.06	-0.68	.75	1.75
	Habit	.17	2.44	.00	1.03
Add Relevant Others Variables	Durability	.15	1.82	.04	1.43
	Quality	.33	3.19	.00	2.23
	Value	-.06	-0.68	.75	1.81
	Habit	.19	2.70	.00	1.08
	Close Others	.24	2.63	.00	1.78
	Distant Others	-.17	-1.85	.96	1.86
Add Emotions Variables	Durability	.13	1.64	.10	1.45
	Quality	.27	2.63	.00	2.35
	Value	-.04	-0.47	.68	1.85
	Habit	.18	2.50	.01	1.12
	Close Others	.23	2.52	.01	1.81
	Distant Others	-.18	-1.99	.97	1.91
	Contented	.07	0.78	.22	1.61
	Stimulated	.15	1.82	.04	1.50

*One tail tests for a null that the standardized regression coefficient is greater than 0.00.

Model 4, Dependent Variable: Intentions to Repurchase

Model 4	**Variable**	**Coeff.**	***t***	**Sign.***	***VIF***
Initial Set of Variables	Durability	.17	2.02	.02	1.42
	Quality	.33	3.16	.00	2.23
	Value	-.06	-0.68	.75	1.75
	Habit	.17	2.44	.00	1.03
Add Emotions Variables	Durability	.15	1.79	.04	1.44
	Quality	.27	2.56	.00	2.35
	Value	-.04	-.46	.68	1.80
	Habit	.15	2.14	.02	1.06
	Contented	.10	1.17	.12	1.57
	Stimulated	.13	1.57	.12	1.47
Add Relevant	Durability	.13	1.64	.10	1.45
	Quality	.27	2.63	.00	2.35

Others Variables	Value	-.04	-0.47	.68	1.85
	Habit	.18	2.50	.01	1.12
	Contented	.07	0.78	.22	1.61
	Stimulated	.15	1.82	.04	1.50
	Close Others	.23	2.52	.01	1.81
	Distant Others	-.18	-1.99	.97	1.91

*One tail tests for a null hypothesis that the standardized regression coefficient is greater than 0.00.

As summary of the four hierarchical linear regression models, the three sets of predictor variables—product characteristics, relevant others, and emotions—show strong relationships with consumer satisfaction and intentions to repurchase. However, these relationships represent only direct effects of predictors on dependent variables and their total effects may be understated because of the absence of any causal structure in the four models. The next analysis examines this issue for individual predictors.

4.4.4 Path Analysis Results

This section summarizes results of seven path analyses, each path model of the form shown in Figure 4.3. Seven models are fit, each time changing only the identity of the added variable of interest: Model 1 uses product durability as its added variable of interest, Model 2 uses product quality, and so on, through Model 7 which uses distant others. Multicollinearity among predictor variables is not an issue in any model because the added variable of interest always is only slightly correlated with habit (refer Table 4.4).

The ultimate endogenous variable in all seven models is intentions to repurchase, with satisfaction and habit motivation (as a control variable) always considered to be causes. Changes in intention to repurchase are due to changes in satisfaction, habit motivation, and the added variable of interest. Changes in satisfaction are due only to the added variable of interest. Thus, the effect of a unit change in the added variable of interest will have a direct

effect on intentions to repurchase as well as an indirect effect on intentions to repurchase through satisfaction. The effect of a unit change in habit is only on intentions to repurchase.

All path models have 1 degree of freedom and their path coefficients are estimated by ordinary least squares regression. Resulting path coefficients from these analyses appear in Table 4.7.

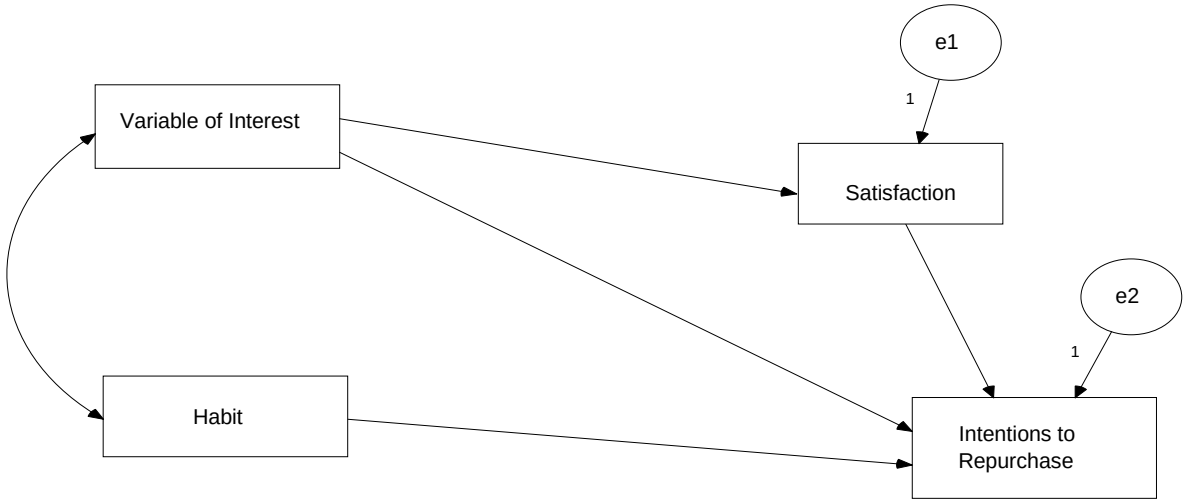

Figure 4.3 General Path Analysis Model for Satisfaction and Intentions to Repurchase

All path coefficients in Table 4.7 are positive. Product durability and product quality have significant and substantial direct effects on both satisfaction and intentions to repurchase. Product value also has significant effects that are smaller in size. The two emotions variables, contented and stimulated, have substantial and significant effects on satisfaction but insignificant effects on intentions to repurchase. The close others variable has significant and substantial effects on intentions to repurchase but not on satisfaction. The distant others variable has no significant effects on either satisfaction or intentions to repurchase. Biggest effects in the seven models are found for paths from satisfaction to intentions to repurchase. Paths for the habit control variable again show the worth of including this variable. All seven models fit observed data adequately to well, based on model fit statistics in Table 4.7.

Table 4.7 Standardized Estimates of Path Coefficients* and Fit Statistics (*n* = 172)

Added Variable	Path from Added Variable to		Path from Satisfaction to Probability	Path from Habit to Probability	Model Fit Statistics			
	Satisfaction	Probability Repurchase			Chi-sq.*	Prob.	GFI	SRMR
Durability	.21	.24	.39	.15	2.94	.09	0.99	.04
Quality	.34	.28	.35	.13	1.47	.23	1.00	.03
Value	.12	.17	.42	.15	2.86	.09	0.99	.04
Contented	.42	.08	.40	.16	0.54	.46	1.00	.02
Stimulated	.40	.11	.39	.16	2.48	.12	0.99	.04
Close Others	.03	.17	.44	.15	3.35	.07	0.99	.05
Distant Others	-.01	.05	.44	.15	3.75	.05	0.99	.05

*Path coefficients greater than 0.11 are significant at $p < .05$, one-tail.

To interpret results in Table 4.7, consider a standardized unit increase in consumer perceptions of durability. Direct effects are an increase in satisfaction of 0.21 and an increase in intentions to repurchase of 0.24. Further, because of the path from satisfaction to intentions to repurchase, the indirect effect of a unit increase in perceptions of durability on intentions to repurchase is (0.21)(0.39) or 0.08. Thus, the total effect of the one unit increase is (0.24 + .08) or 0.32 units. Given these results, it can be said that consumer satisfaction mediates the relationship between durability and intentions to repurchase. A summary of direct, indirect, and total effects appears in Table 4.8 below and a summary of squared multiple correlations for each path analysis model appears in Table 4.9.

Table 4.8 Direct, Indirect, and Total Effects for Variables of Interest in Path Analysis Models 1 to 7*

Variable of Interest	Standardized Direct Effect of Variable on		Standardized Indirect Effect of Variable on		Standardized Total Effect of Variable on	
	Satisfaction	Repurchase	Satisfaction	Repurchase	Satisfaction	Repurchase
Durability	.21	.24	--	.08	.21	.32
Quality	.34	.28	--	.12	.34	.39
Value	.12	.17	--	.05	.12	.23
Contented	.47	.08	--	.19	.47	.27
Stimulated	.40	.11	--	.16	.40	.27
Close Others	.03	.17	--	.01	.03	.18
Distant	-.01	.05	--	-.00	-.01	.05

Others						

*Direct, indirect, and total effects greater than 0.13 are significant at $p < .05$, one-tail. (Bootstrap estimates of standard errors.)

Results for satisfaction in Table 4.8 indicate that the two emotions variables are strong predictors for both satisfaction and intentions to repurchase. The product durability and quality variables also are strong predictors of satisfaction, while the two relevant others variables have no influence. The average standardized effect of satisfaction on intentions to repurchase in Table 4.8 is quite high at 0.40, while that for habit is 0.15. Not shown in Table 4.8 are the direct effects of habit and satisfaction on intentions to repurchase—these values appear as standardized direct effects in Table 4.7.

In summary, for intentions to repurchase, satisfaction and product quality are equally strong predictors. The product durability variable and the two emotions variables also show strong relationships, somewhat higher than those for the product value and close others variables. Notable for both satisfaction and intentions to repurchase is the distant others variable with no significant relationships.

Squared multiple correlations in Table 4.9 are analogous to R^2 statistics in regression. Squared multiple correlation values for satisfaction represent only the direct effects of added variables of interest. These values are significant for all predictors but the two relevant others variables, and are strongest for the two emotions variables and product quality. SMC values for intentions to repurchase represent combined effects of the added variable of interest, habit, and satisfaction. These values are consistently strong and significant for all predictors.

Table 4.9 Squared Multiple Correlations for Satisfaction, Intentions to Repurchase

Path Model and Variable of Interest	*SMC* for Satisfaction*	*SMC* for Intentions to Repurchase**
Durability	0.05	0.28
Quality	0.12	0.30
Value	0.02	0.25
Contented	0.22	0.24
Stimulated	0.16	0.24
Close others	0.00	0.25
Distant others	0.00	0.22

*Values greater than 0.02 are significant at $p < .05$. **Values greater than 0.11 are significant at $p < .05$. (Bootstrap estimates of standard errors.)

4.5.5 Hypothesis Test Results

Tests of the 15 hypotheses presented at the start of Section 4.2.6 can be conducted using correlation results in Table 4.4, hierarchical linear regression results in Table 4.6, and path analysis results in Table 4.8.Correlation results support hypotheses H1 through H8 except H3A (value and satisfaction), H6A (close others and satisfaction), H7A (distant others and satisfaction), and H7B (distant others and intentions to repurchase), making 11 hypotheses supported in total.

Hierarchical linear regression analyses permit hypothesis tests on regression coefficients in full models that contain all predictor variables and in partial models. Partial models contain just product characteristic variables, product characteristic and relevant others variables, or product characteristic and emotions variables. The most stringent tests would use regression coefficients from the two full models. Coefficients for predictor variables are shown as the last seven coefficients for Models 1, 2, 3, and 4 in Table 4.6. Hypotheses H1A and H1B (product durability), H3A and H3B (value), and H7A and H7B (distant others) find no support in the data. Hypotheses H2A and H2B (product quality) and H5A and H5B (stimulated) are supported. Hypothesis H4 (contented) has mixed support, significant for H4A (satisfaction) but not significant for H4B (intentions to repurchase). Hypothesis H6

(close others) also has mixed support, significant for H6B (intentions to repurchase) but not significant for H6A (satisfaction). Hypothesis H8 is not tested in these regression analyses.

Path analysis models have exactly the same results as those for the correlation analyses for the consumer satisfaction dependent variable. Thus, hypotheses H1A, H2A, H4A, and H5A are supported by path analysis results; H3A, H6A, and H7A are not. Path analysis results in Table 4.8 support all hypotheses for intentions to repurchase except for H7B (distant others). These hypothesis tests are more stringent than those for the correlation analyses for intentions to repurchase because the effects of habit are taken into account.

4.5 Discussion

This chapter focuses on two important consequences of luxury goods consumption: consumer satisfaction and intentions to repurchase. As a review of results, consumer satisfaction is significantly and substantially related with product durability, product quality, contented emotion, and stimulated emotion. The relationship between satisfaction and product value closely approaches significance, while relationships between satisfaction and close and distant others are not significant. Intentions to repurchase are significantly and substantially related with product durability, product quality, product value, contented emotion, stimulated emotion, and close others. The two emotions variables have the strongest relationships with consumer satisfaction while the three product characteristics variables have the strongest relationships with intentions to repurchase.

Impressions and reactions of distant others are inconsequential in predicting satisfaction and intentions to repurchase. A further exploration of the data finds about 18 percent of the 172 respondents believe that impressions and reactions of distant others were especially

unimportant when they consumed a luxury good (scale scores of 5 or less). This distant others variable had two component variables—the importance and reactions of work colleagues and the importance and reactions of the general public. Distributions of responses to these two variables were near-normal, with ranges from 1 to 10 for both variables and mean values of 5.2 and 4.6, respectively. About 17 percent of respondents had scale scores of 2 or less for the work colleagues variable and about 23 percent had scores of 2 or less for the general public variable. In sum, the impressions and reactions of distant others when consuming a luxury good irrelevant to a large number of luxury goods consumers.

However, some respondents indicated the opposite. That is, about 10 to 12 percent of all respondents had high scores on the distant others variable and its two component variables. This group of consumers indicated that they were very sensitive to the impressions and reactions of others when they consumed luxury goods. This group of luxury goods consumers conforms to Veblen's idea of conspicuous consumption, that consuming expensive products and pursuing expensive leisure activities in ways that display wealth to others is a proper and important behavior.

Two possible explanations follow. The first is that the distant others variable lacks construct validity. However, the distant others variable has considerable variance and this variance is associated with two conceptually relevant variables described in Chapters 2 and 3—the uniqueness and conformity motivations. The expectation from a nomological validity perspective is that as scores on the distant others variable increase, so should scores on variables measuring uniqueness and conformity motivations. Correlations between the distant others variable and the uniqueness and conformity variables are 0.26 and 0.23, respectively. Thus, this first conclusion is unlikely. The second explanation is that luxury

goods consumers in this study vary considerably in the importance they attach to impressions and reactions of distant others when they consume luxury goods. Some consumers are sensitive to these impressions and reactions, some are not, and most are indifferent. This variance is highly associated with the importance of the impressions and reactions of close others (r = 0.66, Table 4.4) but not with consumer satisfaction or intentions to repurchase. This second explanation seems more correct than the first—only some luxury goods consumers consume in a conspicuous manner, not all.

Results for the causal path analyses corroborate those of Mittal, Ross, and Baldsare (1998). Specifically, paths from product durability, product quality, and product value to intentions to repurchase in Table 4.7 are positive, significant, and about two-thirds the size of paths from consumer satisfaction to intentions to repurchase. Thus, consumer satisfaction is a partial mediator of the relationship between product characteristics and intentions to repurchase, not a complete mediator.

Results in Chapter 4 have many of the same limitations noted in Chapters 2 and 3. Results again are limited in terms of sample size and representativeness. The snowball sampling procedure used to collect data introduces biases (deflated standard errors, non-response error) into the data that cannot be estimated. Correlations among predictor variables are upwards biased by common method variance. Common method variance slightly inflates estimates of relationships shown in Tables 4.4, 4.5, 4.6, 4.7, 4.8, and 4.9.Variables measuring product characteristics, relevant others, and emotions contain only one, two, or three items; the consumer satisfaction and intentions to repurchase measures contain only a single item each. The result is that variables in analyses in Chapter 4 suffer from concerns for reliability and

content validity. The use of multi-item scales in these analyses would increase relationships reported in Tables identified above.

Results in Chapter 4 are limited in their focus on intentions to repurchase and not on actual repurchase behaviors. The total effect of satisfaction on intentions to repurchase in the causal path models (0.40) would certainly diminish if the dependent variable in these models were changed to repurchase behaviors.

In contrast, results in Chapter 4 would almost certainly increase if non-linear relationships were examined between product characteristics, relevant others, emotions, satisfaction, and intentions to repurchase were examined (Mittal, Ross, and Baldsare 1998). This idea was explored by fitting a quadratic function to the relationship between consumer satisfaction and intentions to repurchase. The resulting equation is $Y_{IRP} = -0.18Sat^2 + 3.70Sat - 10.61$. The value of R^2increased from 0.21 to 0.23 when the quadratic term was added to the equation. This increase is significant ($p < .03$), as is the quadratic equation ($p < .00$). The quadratic function was slightly concave, indicating a diminishing returns relationship between satisfaction and intentions: changes in consumer satisfaction when satisfaction is at low levels have a stronger impact on intentions to repurchase than changes in consumer satisfaction when satisfaction is at high levels.

4.6 Summary and Conclusion

The objective of Chapter 4 is to know better the predictors of consumer satisfaction and intentions to repurchase luxury goods. Principal results described in the Chapter include the strong relationship between satisfaction and intentions, strong relationships for product

characteristics and emotions with intentions, and weak relationships for relevant others with satisfaction and intentions.

The last finding of weak relationships for relevant others is particularly true for distant others. However, this finding does not mean that impressions and reactions of work colleagues and the general public are unimportant to all luxury goods consumers. Instead, these impressions and reactions are important to a substantial minority.

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Chapter 5
Suggestions for Future Research and Managerial Implications

"The outcome of any serious research can only be to make two questions grow where only one grew before." Thorstein Veblen. (1857-1929)

"A scientist's aim in discussion with his colleagues is not to persuade but to clarify." Leo Szilard. (1961).

5.1 Introduction

Based on results of this thesis, Chapter 5 offers several suggestions for future research and describes several implications for marketing management strategy and tactics. Suggestions are organized by Chapter.

5.2 Future Research Suggested from Chapter 2

Chapter 2 indicates that future research would improve the psychometric properties of the 10 motivation subscales. Following discussion outlines a suggested study based on revised subscale content shown in Table 2.14.

The study's research objective is to produce a psychometrically sound 20-item scale measuring 10 consumer motivations to purchase and consume luxury goods. The 10 subscales (uniqueness, conformity, self-esteem, hedonism, utilitarianism, materialism, legacy, investment, habit, and variety seeking) each would contain two items. Each of the 10 subscales would show acceptable psychometric properties: coefficient alpha and composite reliability would equal or exceed 0.80; average variance extracted would exceed 60 percent. The study would proceed in two stages.

Stage one research would consist of in-depth interviews with 40 luxury goods consumers in France, the United States, Japan, and China (10 consumers in each culture). The countries

are chosen purposively—Japan has perhaps the highest consumption of luxury goods per capita in the world while China is the fastest growing market. The United States market for luxury goods is the world's largest while France contains the headquarters of major luxury goods brands. In-depth interviews in these cultures have two purposes:

1. **Develop a qualitative understanding of motivations experienced in the purchase and consumption of luxury goods.** Questions would include "Thinking back to your recent purchase of a Louis Vuitton, Hermes, or Bulgari handbag, please tell me why you bought it." Answers would be probed to obtain an in-depth understanding. Consumers would be shown a photo of a consumer examining a luxury handbag and asked to describe the reasons why they think this consumer would buy it. Consumers also would be shown a photo of a consumer using a luxury handbag and asked to describe the feelings they think the user is experiencing and how strong these feelings might be. Again, answers would be probed to obtain an in-depth understanding.

2. **Obtain reactions to each subscale item in Table 2.14.** At the end of the in-depth interview, consumers would be handed a set of cards, each card containing a single subscale item in random order. Consumers would be asked if the item represented an experienced motivation when they last purchased or last consumed a luxury good. Consumers would be asked if the item represented a motivation they thought other luxury goods consumers might experience. Probing would be used to learn if each item seemed appropriate in describing the luxury consumption experience. After all items are presented, consumers would rate each item on a 10-point scale (again in a random order) for overall relevancy to the luxury consumption experience.

Interviews would be recorded and transcribed for analysis.

Analysis would begin by listing individual thoughts in each interview transcript, each thought forming a single piece of data. Thoughts would be read carefully and placed into one of the 10 motivation subscale categories (or into two or three subscale categories, if warranted). Thoughts not categorized into the 10 categories would be placed in an "Other" category. Three coders would perform this analysis, each working independently, trained separately, and monitored by a senior researcher. Discrepancies between the coders would be noted and inter-rater reliabilities calculated. Of particular interest (because of results noted in Chapter 2) would be instances where consumer thoughts were categorized into both the self-esteem

and materialism motivations. Also of particular interest would be tabulations of thoughts in each subscale category to see which motivations are more and less dominant.

A next step would be conducted by two senior analysts would to identify groups of related motivations. Some motivations might be related in a time sequence—a hedonism motivation might be mentioned frequently with a variety seeking motivation, for example. Or, a conformity motivation might be mentioned frequently with a materialism motivation, as another example. Motivations can be related in a time or proximity sequence (as above) or in the form of a hierarchy. As an example of a motivation hierarchy, uniqueness might be found to be always more important than conformity in purchasing a luxury good. Or, a feeling of self-esteem might be thought to be "better" than a feeling of hedonism when using a luxury good in public. The outcome of this step would be revised item content of the 20 item motivation scale.

A next step (again conducted by two senior analysts) would examine similarities and difference between the four groups of luxury goods consumers. This analysis would be in the form of a cross-cultural comparison of motivations. The aim of this analysis would be to develop propositions about motivations to purchase and consume luxury goods in the four cultures, suitable for developing hypotheses to be used in a later quantitative study.

Stage one research is tentatively planned to begin in Shanghai, China later in 2012. A study in the United States is planned for the same time. Based on results of these two studies, stage one research would be completed in France in early 2013. Data collection for Japan would follow that same year, contingent on funding.

Stage Two research would parallel the research designs presented in Chapters 2, 3, and 4. The purpose of stage two research would be to demonstrate construct validity of the revised subscale items. Data would be collected from samples of approximately 150 luxury goods consumers in each of the four cultures with specific objectives to investigate convergent, discriminant, and nomological validity. Analyses would use confirmatory factor analysis and structural equation modeling as the primary analysis methods. Results would be in the form of estimates of coefficient alpha, composite reliability, and average variance extracted. Data also would allow investigation of factor structure and factor relationships among the 10 motivations. Data would describe the relative importance of product characteristics, emotions, and relevant others in the purchase and consumption of luxury goods. Data would yield information about luxury goods consumer segments within and across the four cultures.

The last analysis assumes measurement invariance across the four studied cultural groups. Measurement invariance refers to the equivalence of scale items and scale scores across groups, important in cross-cultural research because of translation challenges and the denotative and connotative meanings of words used in scale items:

> When we compare scale scores, such as self-esteem, across different groups, we make a critical assumption that the scale measures the same construct in all of the groups. If that assumption is true, comparisons and analyses of those scores are valid and subsequent interpretations are meaningful. However, if that assumption does not hold, such comparisons do not produce meaningful results. This is the general issue of measurement invariance. (Chen, 2008)

Measurement invariance takes two forms. Configural invariance is demonstrated when subscale items load on the same factor in the groups under study but factor loadings are not equal. Metric invariance is demonstrated when subscale items load on the same factor in the groups under study and factor loadings are not significantly different. Both configural and metric invariance can be tested using confirmatory factor analysis procedures in Amos or LISREL, for example.

5.3 Future Research Suggested from Chapter 3

A major contribution from Chapter 3 is the identification of six segments in terms of their motivations to purchase and consume luxury goods. Discussion in the Chapter noted that emergence of the "Disengaged" segment (estimated at between 9 and 18 percent of luxury goods consumers) is puzzling because this group is described by low levels of all motivations under study here. This segment might be described by still other motivations or the segment may truly be indifferent or apathetic with respect to the luxury goods that they purchase and consume. So, following a suggestion from Chapter 3, a topic for future research is to study deeply the disengaged segment. The research objective is to determine if this segment really exists and, if yes, to estimate segment size. The research would proceed in two stages.

Stage one research would consist of in-depth interviews with luxury goods directors in Spain, China, and the United States (five directors in each country). Directors would be chosen to represent both durable and consumable luxury goods, for example, jewelry, handbags, and cosmetics. Each director would be shown a brief summary of segmentation results from Chapter 3, with special emphasis on the disengaged segment. Interviews would contain several questions: What do directors think about these results in general? With regard to the disengaged segment, is such a segment possible? If yes, could the segment be as big as 10 or 20 percent of the luxury goods market? Might there be other motives to purchase and consume your product that would explain behaviors of these disengaged consumers? Are there any other explanations you think possible for this disengaged segment? All interviews would be recorded and transcribed for analysis.

Stage two research would use a similar questionnaire to that described in this thesis but add suggestions and changes from results of interviews with directors. The questionnaire would

be administered in a survey research design of perhaps 150 luxury goods consumers in each market. The research design would permit follow-up contacts with respondents, i.e., respondents in the survey would be identified by code. Analysis would parallel that described in Chapter 3 (refer Figure 3.1 for an overview) in terms of partitioning respondents into segments, examining similarities within and differences between segments, and looking specifically for a disengaged segment. If results of stage two research find a disengaged segment in Spain or in the other two cultures under study, then results of this thesis would be supported.

However, a more important contribution would come from data collected from members of the disengaged segment itself. Members of the disengaged segment would be contacted in attempts to collect qualitative data via a short personal interview. Some questions would be: why are you using luxury goods? What things are important when you use your luxury handbag or luxury pendant? Members of the disengaged segment then might see a picture of a woman with a luxury handbag and asked why they think the woman in the photo is using this luxury good? Again, answers (in terms of motivations, emotions, product characteristics, relevant others, and other explanations of use) would be probed to gain a more complete understanding.

A pilot study of stage two research is possible in Shanghai during the period June 2012 to December 2012. Hypotheses to be tested would include the effects of product category and product prices on disengagement, the effects of luxury goods usage rates and usage situations on disengagement, and cross-cultural differences in disengagement. As with interviews described for future research in Section 5.2, interviews would be recorded and transcribed and analyses similar to those described in Section 5.2 undertaken.

5.4 Future Research Suggested from Chapters 2 and 4

Another possibility for future research would be to repeat the present study in the context of new luxury goods. Consumers of new luxury goods use selected products or services as treats or rewards for themselves and, to afford such purchases, save on their consumption of other products and services. Purchases in the first category are described as "trading up" while those in the second are described as "trading down" (Silverstein and Fiske 2003, pp. 1-14).

In contrast to traditional luxury goods, consumers of new luxury goods are middle class consumers who purchase one or more of three types of new luxury goods: accessible superpremium products priced at or near the top of their product categories, traditional luxury brand extensions that target the upper middle class, and "masstige" products priced somewhat below superpremium products but still well above the average price in a product category (Silverstein and Fiske 2003, pp. 4-5). All three types of new luxury goods are viewed by their consumers as superior to standard products in terms of design, technology, or both. All three types find consumers to have an emotional attachment based on product design, technology, brand value; and company ethos. Examples of new luxury goods include Starbucks, Victoria's Secret, Calvin Klein, Polo by Ralph Lauren, and BMW's 1 series.

The objective of this study is to know if the 10 motivations apply to the new luxury goods consumption, to learn if segments of new luxury goods consumers exist in terms of these motivations, and to explore the role of product characteristics, emotions, and relevant others in influencing satisfaction and intentions to repurchase. Of particular interest at the current time is the influence of the current economic crisis on the purchase and consumption of new luxury goods in Spain.

Few empirical studies on new luxury goods have been published (an exception is Truong et al. 2009), perhaps because consumption of these goods is more easily described in the aggregate than at the individual consumer level. At first glance, it would seem that finding consumers of new luxury goods would be relatively easy because their number is large. Moreover, consumption of new luxury goods occurs in more than 30 product categories, all of which are sold and widely distributed in many developed and developing countries. However, the problem is that, within a particular product category, only a small number of consumers will describe their purchase as a "trading up" activity that is possible only because they consciously have traded down (or will trade down in the future) in purchases in other product categories. Not only is this simultaneous trading up/trading down phenomena difficult to find, the phenomena seems difficult to measure without creating demand or social desirability artifacts on the part of consumers.

5.5 Implications for Marketing Managers

Chapters 2, 3, and 4 offer a number of insights for marketing managers of luxury goods. Applications of these insights are offered below as suggestions, as ideas that managers might explore and try in communicating with luxury goods consumers.

Chapter 2 identifies 10 motivations as explanations why consumers purchase and consume luxury goods. Traditional motivations include uniqueness, conformity, self-esteem, hedonism, and utilitarianism. Relatively unstudied motivations include materialism, legacy, investment, habit, and variety seeking. Chapter 3 identifies uniqueness, self-esteem, materialism, legacy, and investment as motivations most strongly associated with purchase behaviors of luxury goods. Chapter 3 also identifies six segments of luxury goods consumers based on their motivation subscale scores. Chapter 4 indicates that emotions associated with

the purchase and consumption of luxury goods show stronger influences on satisfaction and intentions to repurchase than do objective product characteristics and the opinions and reactions of relevant others. Taken together, these results offer new possibilities for copy used in advertising and in descriptions of luxury goods on websites and elsewhere.

For example, website descriptions of a handbag sold by Louis Vuitton (priced at 1,000 Euros) or Loewe (priced at 14,500 Euros) contain approximately 50 words. Words in the descriptions indicate style (retro, modern, classical, etc.), general usage occasions (city, travel, social gatherings, etc.), and materials including craftsmanship and individuality. Words do not refer to any motivations that might be important in the consumer's purchase or use of the handbag, nor do words refer to any emotions that might be experienced at the purchase decision or usage occasion. Based on results of this thesis, a suggested description for the handbag appears below:

> A classic design, elegant and timeless. The Geni handbag is distinctive in its detailed, artisan craftsmanship, done in brilliant crocodile with special anagram and lock. Feel unique and feel assured—for a lifetime. Appropriate for an intimate restaurant dinner of two or at a reception for hundreds. Pure contentment, any time, any place.

The description appeals to consumer motivations of uniqueness, self-esteem, and investment. It contains information about product characteristics to describe the handbag (along with an accompanying photo). It ends with the emotion most strongly associated with consumer satisfaction and intention to repurchase.

The description contains no words that reflect any particular segment of luxury goods consumers. This is a reasonable position, given that consumers from all possible segments might visit the website and read the description. Instead, results of the segmentation analysis in Chapter 3 might be used in designing and naming a product line (a "Legacy" line of jewelry, an "Only You" line of perfumes using mass customization techniques, or a "Having

Fun" line of cosmetics, for example). Results of the segmentation analysis also might find application in sales training at the retail level. Sales associates in stores could be trained in how to identify which segment or segments an individual customer might represent. Associates might be taught two or three phrases that contain key words describing the 10 motivations. As examples of such phrases:

> You want a scarf that is YOU, something unique.
>
> This is a lighter you can give to your son, whenever you are ready.
>
> This style is the most popular now at weddings in Paris and Milan. Here's a photo.
>
> This handbag says that you have accomplished a lot in your life.
>
> You want a blouse that tells everyone that you enjoy life.
>
> You look contented and secure in those sunglasses.
>
> This pendant is a classic design, an investment for all time.

Motivations and emotions represented in the above phrases should be obvious, with reference to Chapters 3 and 4. Sales associates would be coached in identifying consumer segments based on motivations and emotions and respond with the appropriate phrase.

Summary

Chapter 5 offers several suggestions for future research and implications for marketing managers of luxury goods. Numerous other future research studies are certainly possible in the topic area. The attempt here is to identify and describe studies that seem most relevant and most important in understanding luxury goods consumers.

Similarly, numerous other implications for marketing managers of luxury goods could follow from research results described in this thesis. Results could be used in sales promotion

activities, product positioning statements, slogans and tag lines, social media, and other forms of digital marketing.

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APPENDICES

Data Collection Form from SurveyMonkey.com (Spanish)

1. MUCHAS GRACIAS!!! IMPORTANCIA DE SU PARTICIPACIÓN

Estimado Sr./Sra.:

Ha sido seleccionado para participar en un estudio académico sobre consumidores de productos de lujo. El estudio está dirigido por el catedrático James Nelson de la Universidad de Colorado y M Eugenia Fernández Moya doctoranda de la Universidad Carlos III de Madrid y perteneciente actualmente al Instituto de Empresa. El objetivo del estudio es comprender mejor las motivaciones que llevan a consumir productos de lujo. Y para ello estudiamos el uso.

Responder al cuestionario le resultará interesante y le llevará menos de 10 minutos de su tiempo. Debido a que se trata de un sistema de muestreo, sus respuestas representarán el punto de vista de muchos otros que no recibirán la encuesta. La validez de los resultados dependerán de obtener una alta tasa de respuestas y su participación es crucial para el éxito del estudio.

Todas las respuestas serán estrictamente confidenciales y completamente ANÓNIMAS.

¡¡IMPORTANTE!!! Por favor la encuesta debe rellenarse ENTERA, POR FAVOR, RESPONDA HASTA EL FINAL EL ESTUDIO. ABAJO DE CADA PAGINA HAY UN "NEXT". Es necesario realizarlo entero para conseguir que su encuesta sea significativa. Muchísimas gracias.

Si tiene cualquier pregunta sobre este estudio, puede contactar con:

James Nelson: James.Nelson@Colorado.EDU

M Eugenia Fernández: meugeniafm@emc.uc3m.es; meugeniafm@alumni.es; MEugenia.Fernandez@ie.edu

¡¡MUCHÍSIMAS GRACIAS POR SU PARTICIPACIÓN!!

1. Para asegurarnos que Vd. ha sido seleccionado para participar en este estudio por favor introduzca la clave. Si la clave es incorrecta, su encuesta no será válida. Gracias.

2. Elección

Parte 2. Elección

1. Por favor, indique si responde a la encuesta como directivo de la firma de lujo o como consumidor de la firma de lujo.

◯ Directivo ◯ Consumidor

2. Si Vd. es directivo de la firma de lujo por favor indique que cargo tiene dentro de la empresa. Si no es directivo de la firma de lujo simplemente ponga NO.

3. Por favor indique si va a responder a la encuesta como consumidor/directivo de:

◯ Tratamiento/Perfumería

◯ Accesorios (bolsos)

◯ Joyería/Relojería

4. Por favor escriba la FIRMA/MARCA del producto

5. ¿Cuál fue el precio del producto de lujo que ha seleccionado para hacer esta encuesta?
Directivo: recuerde que tiene que responder a todas las preguntas y que tiene que responder a partir de esta pregunta no como directivo sino imaginando como contestaría su PROTOTIPO DE CONSUMIDOR (excepto en la última parte de la encuesta donde se le pide su información personal).

euros

6. Por favor díganos cuál es el precio que suele pagar por:

Perfume

Cosmético

Bolso

Cartera

Maleta

Joya

Reloj

3. USO

Parte 3. ¡Ahora comenzamos la encuesta! :-)
En esta primera parte de la encuesta, las preguntas están relacionadas con el uso del producto que Vd. como consumidor ha seleccionado.

RECUERDE: Cuando se encuentre con la palabra PRODUCTO se refiere al producto por el que está Vd. haciendo esta encuesta. POR FAVOR, piense en ese cosmético/perfume, accesorio o reloj/joya y en la marca de ese cosmético/perfume, accesorio o reloj/joya por el que está contestando a esta encuesta. ¡POR FAVOR, NO PIENSE NI EN OTRAS MARCAS NI EN OTROS PRODUCTOS, SOLO EN LA MARCA Y PRODUCTO POR EL QUE VD. ESTÁ HACIENDO ESTA ENCUESTA!

1. En una semana habitualmente, ¿cuántas veces suele utilizar su producto?

veces _____

2. Piense en la última vez que usó su producto. Describa las sensaciones relacionadas con su uso más reciente.

	1	2	3	4	5
Infeliz(1)-Feliz(5)	○	○	○	○	○
Disgustado(1)-Encantado (5)	○	○	○	○	○
Insatisfecho(1)-Satisfecho (5)	○	○	○	○	○
Aburrido(1)-Animado(5)	○	○	○	○	○
Relajado(1)-Excitado(5)	○	○	○	○	○
Culpable(1)-No culpable (5)	○	○	○	○	○

3. En conjunto, ¿cómo de satisfecho está con su producto?

Por favor, escoja un número del 1 al 10 donde 1 indica "totalmente INsatisfecho" y 10 indica "totalmente satisfecho" _____

4. Por favor describa a continuación en pocas palabras que es lo que más le gusta de su producto

5. Por favor, complete la afirmación con una de las siguiente opciones que aparecen más abajo.

"En conjunto, mi producto..."

- ○ cumple solo alguna de mis necesidades
- ○ cumple la mayoría de mis necesidades
- ○ cumple o sobrepasa todas mis necesidades

6. ¿Cómo de importantes es para Vd. las impresiones y reacciones de las personas que aparecen a continuación cuando usa su producto?

(1) NO IMPORTANTE a (10) EXTREMAMENTE IMPORTANTE

	1	2	3	4	5	6	7	8	9	10
Pareja	○	○	○	○	○	○	○	○	○	○
Otros miembros de la familia	○	○	○	○	○	○	○	○	○	○
Amigos íntimos	○	○	○	○	○	○	○	○	○	○
Compañeros de trabajo	○	○	○	○	○	○	○	○	○	○
Público en general	○	○	○	○	○	○	○	○	○	○

7. Piense en las 10 últimas veces que usó su producto. ¿Sobre cuántas de esas 10 veces fueron para ocasiones muy especiales como fiestas o cenas importantes?

veces

8. La próxima vez que necesite o quiera comprar este tipo de producto, ¿cuál es la probabilidad de que vuelva a comprar la misma marca? (1) pequeña a (10) alta

○ 1 ○ 2 ○ 3 ○ 4 ○ 5 ○ 6 ○ 7 ○ 8 ○ 9 ○ 10

9. CONTESTE A ESTA PREGUNTA SOLO SI SU PRODUCTO ES UN PERFUME. Comparando con otras fragancias disponibles de otras marcas/firmas, su fragancia es de...

Recuerde: (1) MUY EN DESACUERDO a (10) MUY DE ACUERDO

	1	2	3	4	5	6	7	8	9	10
Aroma más fresco	○	○	○	○	○	○	○	○	○	○
Aroma más fuerte	○	○	○	○	○	○	○	○	○	○
Aroma más duradero	○	○	○	○	○	○	○	○	○	○
Más valor	○	○	○	○	○	○	○	○	○	○
Mejor calidad	○	○	○	○	○	○	○	○	○	○

10. CONTESTE A ESTA PREGUNTA SOLO SI SU PRODUCTO ES UN TRATAMIENTO Comparando con otro similar pero de otra firma/marca, su producto es de...

Recuerde: (1) MUY EN DESACUERDO a (10) MUY DE ACUERDO

	1	2	3	4	5	6	7	8	9	10
Mejor textura	○	○	○	○	○	○	○	○	○	○
Más natural	○	○	○	○	○	○	○	○	○	○
Mejor duración	○	○	○	○	○	○	○	○	○	○
Mejor calidad	○	○	○	○	○	○	○	○	○	○
Mejor valor	○	○	○	○	○	○	○	○	○	○

11. CONTESTE A ESTA PREGUNTA SOLO SI SU PRODUCTO ES UN ACCESORIO (BOLSO).
Comparando con otro similar pero de otra firma/marca, su producto es de...

Recuerde: (1) MUY EN DESACUERDO a (10) MUY DE ACUERDO

	1	2	3	4	5	6	7	8	9	10
Mejor estilo	○	○	○	○	○	○	○	○	○	○
Más duradero	○	○	○	○	○	○	○	○	○	○
más cómodo	○	○	○	○	○	○	○	○	○	○
mejor calidad	○	○	○	○	○	○	○	○	○	○
mayor valor	○	○	○	○	○	○	○	○	○	○

12. CONTESTE A ESTA PREGUNTA SOLO SI SU PRODUCTO ES JOYA O RELOJ.
Comparando con otro similar pero de otra firma/marca, su producto es de...

Recuerde: (1) MUY EN DESACUERDO a (10) MUY DE ACUERDO

	1	2	3	4	5	6	7	8	9	10
Mejor estilo	○	○	○	○	○	○	○	○	○	○
Más duradero	○	○	○	○	○	○	○	○	○	○
Más cómodo	○	○	○	○	○	○	○	○	○	○
Mejor calidad	○	○	○	○	○	○	○	○	○	○
Mayor valor	○	○	○	○	○	○	○	○	○	○

13. Por favor, observe que de la pregunta 9 a la 12, Vd. tiene que haber respondido a una y solo a una de ellas dependiendo de si su producto es perfume, tratamiento, accesorio o joya. Si ha visto que no se le ha olvidado, que ha respondido a una y solo una de esas 4 cuestiones, por favor ponga en el siguiente casillero: SI

14. ¿Cuál cree que es la vida útil de su producto? Por favor, indique un número y si se refiere a meses o a años.

4. CREENCIAS GENERALES

Parte II. Las afirmaciones que aparecen abajo describen sus creencias generales sobre los bienes de lujo. Comparando con los bienes estándar, los bienes de lujo son caros y excasos; ofrecen un diseño, calidad y resultado superior; proporcionan un valor en el uso que no puede ser fácilmente descrito; y frecuentemente dotan a los usuarios de status social y económico.

1. Por favor lea cada afirmación detenidamente. Indique su disconformidad o conformidad seleccionando un número para cada afirmación que describa la forma en que se siente.

1: Totalmente desacuerdo con la afirmación
2: Algo en desacuerdo con la afirmación
3: Ni acuerdo ni en desacuerdo con la afirmación
4: Algo de acuerdo con la afirmación
5: Totalmente de acuerdo con la afirmación

Las respuestas no son ni buenas ni malas, ni correctas ni incorrectas. Solo indican como sientes tú.

	1	2	3	4	5
Usar bienes de lujo es realmente una alegría en la vida	○	○	○	○	○
Poseer libros antiguos y únicos es una buena idea porque aumentarán su valor en el futuro	○	○	○	○	○
Poseer bienes de lujo hace que me sienta orgulloso	○	○	○	○	○
Los bienes y marcas de lujo que más me gustan son aquellas que expresan mi individualidad	○	○	○	○	○
Me gusta poseer y usar muchos bienes de lujo en mi vida	○	○	○	○	○
Usar bienes de lujo me ayuda a encajar en los grupos sociales que me gustan	○	○	○	○	○
Usar bienes de lujo me hace sentir que soy una persona de valor	○	○	○	○	○
Normalmente soy un consumidor fiel a una marca cuando compro bienes de lujo	○	○	○	○	○
Rara vez estoy de acuerdo con lo que otros consideran que es correcto comprar	○	○	○	○	○
Una importante hazaña en la vida es adquirir posesiones materiales como bienes de lujo	○	○	○	○	○

Usar bienes de lujo siempre me aporta mucho placer	○	○	○	○	○
Mi comportamiento frecuentemente depende de como pienso que otros quieren que me comporte	○	○	○	○	○
Casi siempre que uso un bien de lujo hace que se convierta en un momento de disfrute	○	○	○	○	○
Cuando voy a un restaurante de lujo, prefiero pedir platos conocidos antes que probar platos nuevos	○	○	○	○	○
Me gusta usar mis bienes de lujo porque tienen todas las características que necesito	○	○	○	○	○
Me gusta poseer bienes como los bienes de lujo para impresionar a la gente	○	○	○	○	○
Usar bienes de lujo me da sensación de autoestima	○	○	○	○	○
Al morir, es importante que las posesiones especiales de uno le sean dadas a familiares o a buenos amigos	○	○	○	○	○
Es muy importante que los bienes de lujo que poseo sean prácticos y útiles	○	○	○	○	○
Me siento contento cuando uso productos de lujo	○	○	○	○	○
Después de que muera, mis pertenencias especiales ayudaran a otros a recordarme	○	○	○	○	○
Me fijo en las reacciones de otros respecto a mis comportamientos para evitar estar fuera de lugar	○	○	○	○	○
Quiero que alguien cercano a mí tenga mis bienes de lujo favoritos despues de que muera	○	○	○	○	○
A veces compro productos de lujo o marcas de lujo poco comunes para crear una imagen personal más distintiva	○	○	○	○	○
Poseer un bien de lujo como una obra de arte es frecuentemente una buena inversión para el futuro	○	○	○	○	○
Cuando compro bienes de lujo, un objetivo importante es encontrar productos que	○	○	○	○	○

comunicuen mi cualidad de único					
A veces tiento a la suerte comprando marcas de lujo no familiares para conseguir variedad en mis compras	☐	☐	☐	☐	☐
Me gusta echar un ojo, comprar, ir a la búsqueda de diferentes bienes de lujo y marcas de lujo solo por curiosidad	☐	☐	☐	☐	☐
Algunas veces en el futuro, quiero que mis posesiones valiosas sean entregadas a personas que me han ayudado.	☐	☐	☐	☐	☐
Si todos en un grupo actúan de una forma determinada, eso debe ser la manera apropiada de comportarse	☐	☐	☐	☐	☐
Cuando uso bienes de lujo me siento animado, alegre	☐	☐	☐	☐	☐
Coleccionar monedas o sellos únicos frecuentemente da una mayor rentabilidad que invertir en un fondo de inversión.	☐	☐	☐	☐	☐

5. INFORMACIÓN PERSONAL

Parte III. En esta última parte del cuestionario, nos gustaría tener información personal de Vd. solo con el propósito de hacer distintas clasificaciones.
Le recordamos que toda la información que nos de será completamente confidencial.

1. ¿Eres hombre o mujer?

- ◯ Hombre
- ◯ Mujer

2. ¿Cuántas veces alguien en su hogar ha comprado o recibido los siguientes bienes en el último año? Por favor, anote el número aproximado de veces en el espacio indicado.

Una botella de champan con valor superior a 30 €	
Un bote de perfume con valor superior a 50 €	
Una bufanda, pañuelo o corbata con valor superior a 100 €	
Una estilográfica o mechero con valor superior a 100€	
Un artículo de joyería o relojería con valor superior a 1000€	
Una cartera con valor superior a 200€	
Una prenda de vestir con valor superior a 500€	
Una antigüedad con valor superior a 2000€	
Un abrigo de piel con valor superior a 1000€	
Un bolso con valor superior a 250€	

3. Edad que Vd. tiene

años

4. ¿Cuál es la edad de su hijo/a primogénito?

años

5. ¿Cuántos hijos mayores de edad tiene?

Hijos

6. Y de esos hijos mayores de edad, ¿cuántos son hombres?

hijos

7. Y de esos hijos mayores de edad, ¿cuántas son mujeres?

hijas

8. ¿Qué nivel de estudios finalizó Vd.?

- ◯ EGB, graduado escolar
- ◯ Bachillerato
- ◯ Diplomado
- ◯ Licenciado
- ◯ Master
- ◯ Doctorado

9. Los ingresos promedios anuales en su hogar son alrededor de

euros

10. Ciudad

Ciudad dónde suele comprar el bien de lujo por el que hizo esta encuesta (Madrid, Barelona,...)

Ciudad donde Vd. reside

Ciudad donde nació

11. Si Vd. quiere hacernos algún comentario adicional, por favor hágalo en el siguiente espacio.

12. ¡LA ENCUESTA YA HA FINALIZADO!
MUCHÍSIMAS GRACIAS POR HABER CONTRIBUIDO A ESTE ESTUDIO

Si Vd. quisiera recibir un resumen de los resultados del estudio, por favor adjunte dirección postal o correo electrónico.

Data Collection Form (English)

IMPORTANCE OF YOUR PARTICIPATION

Dear Mr./Mrs.,

You have been selected to participate in an academic study of luxury goods consumers. The study is being conducted by Professor James Nelson from the University of Colorado and María Eugenia Fernández Moya, PhD student from University Carlos III of Madrid and belonging to the IE Business School. The purpose of the study is to better understand consumer motivations to consume luxury goods.

You should find responding to the survey to be interesting and to take less than 10 minutes of your time. Because of the sampling procedure used, your responses will represent the views of many others who will not receive the survey. Validity of the survey results depends on obtaining a high response rate and your participation is crucial to the success of this study.

All responses to the survey will be held in the strictest confidence and in complete anonymity.

IMPORTANT!!! Please complete the entire questionnaire. PLEASE RESPOND UNTIL THE END. BELOW EACH PAGE THERE IS A "NEXT". It is needed to fill everything to get a significant survey. Thank you so much.

If you have any questions about this study, you can contact the person(s) below:

James E. Nelson: James.Nelson@Colorado.EDU

María Eugenia Fernández Moya: meugeniafm@emp.uc3m.es; meugeniafm@yahoo.es; MEugenia.Fernandez@ie.edu

THANK YOU SO MUCH FOR YOUR PARTICIPATION!!!

1. To be sure that you have been selected to participate in this study, please enter the code. If the code is not correct, your survey will not be valid. Thank you.

2. SELECTION

Part 2. Selection

1. Please indicate if you respond to the questionnaire as a director of a luxury firm or as a consumer of luxury.

2. If you are a director of a luxury firm, please indicate which position you have inside the company. If you are not a director of the luxury firm, just write NO.

3. Please indicate if you will respond the questionnaire as a consumer/director of:

Treatment/Perfume
Accessories (handbag)
Jewelry/Watches

4. Please write down the brand of the product

5. Which is the price of the luxury product that you have been selected above for doing this questionnaire?

Euros

6. Please tell us what is the price that you usually pay for:

Perfume
Cosmetic
Handbag
Wallet
Suitcase
Jewelry
Watch

3. USE

Part 3. Now we begin the questionnaire! ☺
In the first part of the questionnaire, all questions are related to the use of the product that you have been selected as a consumer.

REMEMBER: When you find the word PRODUCT, this refers to the product that you are doing this questionnaire for. PLEASE, think about the cosmetic/perfume, accessory, or watch/jewelry and the brand of this cosmetic/perfume, complement or watch/jewelry which is responding to this questionnaire. PLEASE DO NOT THINK OTHER BRANDS OR OTHER PRODUCTS, JUST THE BRAND AND PRODUCT FOR WHICH THIS QUESTIONNAIRE IS DOING!

1. In a typical week, about how many times would you use your product? ____ times

2. Think about the last time you used your product. Describe your feelings about your most recent use

	1	2	3	4	5
Unhappy (1)-Happy (5)					
Annoyed (1)-Pleased (5)					
Unsatisfied (1)-Contented (5)					
Bored (1)-Stimulated (5)					
Relaxed (1)-Excited (5)					
Guilty (1)-Not Guilty (5)					

3. Overall, how satisfied are you with your product? _____ (Please enter a number from 1 to 10 where 1 indicates ”great DISsatisfaction” and 10 indicates “great satisfaction”)

4. Please describe below in a few words what you like best about your product

5. Please complete the statement with one of the options that appears below*:*

Overall, my product . . .

meets only a few of my needs
meets most of my needs
meets or exceeds all my needs

6. How important to you are the impressions and reactions of people listed below when you use your product?

(1) NO IMPORTANT TO (10) EXTREMELY IMPORTANT

	1	2	3	4	5	6	7	8	9	10
Spouse or partner										
Other family members										
Close friends										
Coworkers										
General public										

7. Think about the last 10 times that you used your product. About how many of the 10 times were very special occasions like parties and dining out?

8. The next time you need or want to buy this type of product, what is the probability of buying the same brand? 1 (Low) to 10 (High)

9. Respond to this question only if your product is a perfume.

Compared to other similar available in other brands, your product has . . .

	1	2	3	4	5	6	7	8	9	10
Fresher scent										
Stronger scent										
Longer lasting scent										
Better quality										
Better value										

10. Respond to this question only if your product is a cosmetic

Compared to other similar available in other brands, your product has…

	1	2	3	4	5	6	7	8	9	10
Better texture										
More natural										
Longer										
Better quality										
Better value										

11. Respond to this question only if your product is an accessory (handbag)

Compare to other similar available in other brands, your product has…

	1	2	3	4	5	6	7	8	9	10
Better style										
Longer										

More comfort										
Better quality										
Better value										

12. Respond to this question only if your product is a jewelry or watch

Compare to other similar available in other brands, your product has…

	1	2	3	4	5	6	7	8	9	10
Better style										
Longer										
More comfort										
Better quality										
Better value										

13. Please, observe that you respond to only one question of questions 9 to 12. The questions depends on if the product is perfume, treatment, jewelry or watch. Please tell yes if you followed these instructions.

14. What is your estimate of the useful life for you new product? Please, indicate a number and if you refer to months or years.

4. GENERAL THOUGHTS

Part II. Statements below describe your general beliefs about luxury goods. Compared to standard goods, luxury goods are expensive and scarce; offer superior design, quality, and performance; provide a value in use that cannot be easily described; and often provide users with social and economic status.

Read each statement carefully. Indicate your disagreement or agreement by writing a number in the box next to each statement to describe the way you feel.

1: I totally disagree with this statement.
2: I somewhat disagree with this statement.
3: I neither agree nor disagree with this statement.
4: I somewhat agree with this statement.
5: I totally agree with this statement.

Statements have no right or wrong answers and indicate only how you feel personally.

	1	2	3	4	5
Using luxury goods is truly a joy in life.					
Owning old, rare books is a good idea because they will only increase in value.					
Owning luxury goods makes me feel that I have much to be proud of.					
The luxury products and luxury brands that I like best are ones that express my individuality.					
I like to own and to use a lot of luxury products in my life.					
Using luxury goods help me to fit in with the groups I like.					
Using luxury goods makes me feel that I am a person of worth.					
Usually I am a brand loyal costumer when I buy luxury goods.					
I seldom act in agreement with what others think are the right things to buy.					
An important achievement in life is acquiring material possessions like luxury goods.					
Using luxury goods always gives me a lot of pleasure.					
My behavior often depends on how I feel others wish me to behave.					
Every time that I use a luxury good the moment is enjoyable.					
When I go to a luxury restaurant, I prefer dishes I am familiar with rather than to try new ones.					
I like to use my luxury goods because they have all the features I need.					
I like to own things like luxury goods to impress people.					
Using luxury goods provides me with a sense of self-esteem.					
Upon death, it is important that one´s special possessions be given to relatives or close friends.					
It is very important that the luxury goods I own are practical and useful					
I feel happy when I use luxury goods.					
After I die, my special possessions will help other people to remember me.					
I pay attention to reactions of others to my behaviors to avoid being out of place.					
I want someone close to me to have my favorite luxury goods after I die.					
I sometimes buy unusual luxury products or luxury brands to create a					

distinctive personal image.					
Owning a luxury good like fine art often is a good investment for the future.					
When buying luxury goods, an important goal is to find products that communicate my uniqueness.					
I sometimes take chances in buying unfamiliar luxury brands, to get some variety in my purchases.					
I like to shop around for different luxury products and luxury brands just out of curiosity.					
At some future time, I want my valued possessions to be given to people in my life who have helped me.					
If others in a group behave in a certain manner, this must be the proper way for me to behave.					
When I use luxury goods I feel cheerful.					
An investment in rare coins or rare stamps often yields a higher return than an investment in mutual funds.					

PERSONAL INFORMATION

We would like to have some personal information about you for classification purposes only. Please understand that all information you provide will be kept completely confidential.

1. Are you a man or woman?
2. How many times has someone in your household bought or received the following products over the last year? *Please write the approximate number of times in the space indicated.*
   A bottle of champagne worth more than 30€?
   A bottle of perfume worth more than 50€?
   A scarf or neck tie worth more than 100€?
   A pen or lighter worth more than 100€?
   An article of jewelry worth more than 1000€?
   A wallet worth more than 200€?
   An article of clothing worth more than 500€?
   An antique worth more than 2000€?
   A fur coat worth more than 1000€?
   A handbag worth more than 250€?

3. My age is _____ years.

4. What is the age of your oldest child? _____ years

5. What many children do you have older than 18 years old?

6. From that children older than 18 years old, how many of them are men?

7. Of your children older than 18 years, how many are women?

8. How many years of formal education did you complete?
   Elementary school
   High school
   University degree
   Master degree
   Ph.D. degree

9. The average monthly income in my household is about _____€.

10. Please, indicate

City where you usually buy the luxury good that you used to this questionnaire

City where you are living

City where you were born

11. If you want to give us any additional comments, please let us know in the follow space

12. THE QUESTIONNAIRE IS FINISHED!
THANKS A LOT FOR YOUR CONTRIBUTION TO THIS STUDY

If you want to receive a summary of the results of this study, please attach your address or email address.

If you would like to receive a summary report of the findings of this study, please provide a postal or e-mail address in the space below.